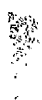


THE POLITICS OF POLICY AND PRACTICE:
INTERNATIONAL FINANCIAL INSTITUTIONS
AND BIODIVERSITY

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ABSTRACT

This thesis is concerned with the accountability of public international financial institutions to their constituencies at global and local geographic scales. It investigates the compliance of the World Bank and the Global Environment Facility (GEF) with their own environmental and social policies as they relate to biodiversity protection.

While the World Bank and the GEF pursue a global environmental agenda, their environmental and social policies commit the institutions to building bridges between the global and the local levels by requiring the participation of locally affected communities in decision-making. The study investigates the compliance with the policies in a specific geographic, political and economic space. Cameroon was chosen because both institutions consider the country's biodiversity to be of global significance and are financing operations which have indirect and direct impacts on its biodiversity. The operations investigated include World Bank macro-economic policy advice and traditional investments in infrastructure projects as well as a GEF project specifically designed to protect biodiversity.

The central finding of this research is that the institutions comply only partially and in an uneven manner with their own mandatory policy guidelines.

In order to mitigate the risk of studying the institutions' operations in only one country and to ascertain possible systemic patterns of institutional behaviour, the results of the case studies are contrasted with the institutions internal evaluation reports covering their overall portfolios.

A political ecology approach to international financial institutions is used to examine the political factors behind the emergence of the institutions' biodiversity agenda and the implementation of their operational policies. Analytical tools from both political science and the areas of sociology and economics concerned with theory of organization are employed to further the understanding of the functioning of the global institutions.

Finally, the thesis seeks to contribute to defining the characteristics of global institutions which can mediate between the global and local levels by creating spaces of negotiation in which a plurality of views are taken into account.

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LIST OF ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
CBD	Convention on Biological Diversity
CFA	Franc de la Communauté Financière Africaine
CITES	Convention on International Trade in Endangered Species
COP	Conference of the Parties (of the CBD)
COTCO	Cameroon Oil Transportation Company
CSD	Commission on Sustainable Development of the United Nations
DANIDA	Danish International Development Agency
DFID	Department for International Development (UK)
DGVIII	Directorate-General for Development of the European Commission
FY	Fiscal Year
GEF	Global Environment Facility
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
INADES	Institut Africain pour le Developpement Economique et Social
IUCN	International Union for the Conservation of Nature
EIA	Environmental Impact Assessment
G7	Group of 7 (the seven industrialized economies)
G 77	Group of 77 (a coalition of 128 developing countries)
GTZ	Gesellschaft für Technische Zusammenarbeit
KfW	Kreditanstalt für Wiederaufbau
MIGA	Multilateral Investment Guarantee
NEAP	National Environmental Action Plan
NIE	New Institutional Economics
NGO	Non-Governmental-Organization
ODA	Overseas Development Aid
SAILD	Service d'Appui aux Initiatives Locales de Developpement
SAL/P	Structural Adjustment Loan/ Program
STAP	Scientific and Technical Advisory Panel (of the GEF)
SBSTTA	Subsidiary Body on Scientific, Technical and Technological Advice
SIDA	Swedish International Development Cooperation Agency
TFAP	Tropical Forestry Action Plan
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WCS	Wildlife Conservation Society
WWF	World-Wide Fund for Nature

CHAPTER 1

THE OVERALL FRAMEWORK: ISSUES, INSTITUTIONS AND THEORIES

1.1 Introduction

This thesis investigates how multilateral financial institutions address the conservation of biodiversity. It will examine the policies of the World Bank, the world's pre-eminent development institution, and the role of Global Environment Facility (GEF), a financial mechanism managed jointly by the World Bank, the United Nations Development Program (UNDP) and the United Nations Environment Program (UNEP). The GEF was created specifically to address biodiversity loss and other environmental problems considered to be of global significance. Since policies may tell us how institutions think, but not necessarily how they act, the core research of this thesis examines the compliance of the international institutions with their own social and environmental policies as they relate to biodiversity conservation. These policies create frames of reference and offer accountability mechanisms for global institutions whose operations have local level impacts.

While there are numerous publications about the World Bank's and GEF's policies and stated intentions to address environmental and social issues in their funding operations, the institutions themselves admit that they are doing a poor job in monitoring the actual adherence to their policies in concrete development projects (World Bank 1996a, GEF 1994a). In addition, there are few independent studies which investigate the institutions' compliance with their own environmental and social policies in the design and implementation of their operations (Fox & Brown 1998). This study examines specific activities of the institutions in light of their existing policies. It chooses Cameroon as a specific geographic, political and economic space to examine the degree to which the institutions comply with their own policy mandates. Both the World Bank and the GEF consider Cameroon's biodiversity to be of global importance and are financing programmes in the country which have direct and indirect impacts on biodiversity. This thesis examines three distinct types of programme supported by the institutions ranging from the promotion of policy reforms at the macro level to individual projects. The findings from the

programme-level research will then be contrasted with internal World Bank and GEF evaluation reports about the aggregate effectiveness of their operations in order to establish if the case study findings form part of more systemic patterns of internal institutional dynamics.

Global plans to protect biodiversity and local realities in biodiversity rich regions, in particular in developing countries, may often be at odds with each other. It is in the context of global-local intersections, that geographer David Harvey states that political power structures must be created which are able to "arbitrate and translate" between geographic scales ranging from the global to the local (Harvey 1996: 204). The question of what kind of characteristics such political power structures should have is ever more pertinent in a world where globalization is leading to an unprecedented degree of multiple linkages between global and local scales.

The goal of this thesis is to contribute to an answer to this question by examining existing international institutions. The study chose to examine their discourse and compliance with social and environmental policies related to biodiversity because the question of biodiversity represents a privileged area for the observation of the interplay between global and local objectives.

Ultimately, the study's focus on the degree of compliance of the institutions with their own policies is directed at the question of institutional accountability. Accountability is a difficult concept to operationalize but by focusing on a broadly accepted indicator, such as policy compliance, which has been accepted by the institutions themselves, this thesis hopes to provide insights into the conditions that are necessary if the institutions are to be rendered more accountable to their constituencies at different geographic scales ranging from international donors to intended local beneficiaries.

It may be noted that national governments in the countries where World Bank and GEF programmes are being implemented share much of the responsibility for successful implementation of World Bank/GEF policies. Indeed, the institutions themselves often blame national governments for their problem projects. However, this thesis takes the view that since decision-making power on channeling large amounts of funds rests with the institutions, they also bear the ultimate responsibility for ensuring that these funds are used for the intended purposes and according to

established policies. Therefore the focus of this study is the World Bank and the GEF, representing global power structures whose activities are funded through international public financing. The role of national governments and the political dynamics at the regional and local level as they affect biodiversity are subjects that require in-depth study in a broader framework.

1.2 Cutting a Slice out of a Vast Multidisciplinary Pie

Biodiversity protection, which was elevated to the top of the World Bank's environmental agenda in the early 1990s and which lies at the core of the GEF, is an area where global and local processes meet. Often local realities of biodiversity, as experienced by hundreds of millions of rural and indigenous peoples in mostly Southern countries, may not mesh easily with plans originating in Northern countries to protect biodiversity in the South.

Biodiversity has evolved into a complex area of study, encompassing a variety of seemingly distant disciplines. The natural science community and in particular conservation biology continue to struggle with scientific uncertainties about the degree of the loss of biodiversity, the impacts of potential climate change on biodiversity and other questions. These can range from the role of genetic diversity, which is often highlighted in the context of agriculture and food security, to the preservation of soils and water as well as the maintenance of the gaseous composition of atmosphere. Since the ecological functions of biodiversity cover the entire spectrum of life-support systems, the area to be covered by the natural sciences is vast indeed.

Why has the World Bank declared biodiversity protection to be central to its mission of promoting sustainable development and why is biodiversity a key priority for GEF activities? A similar question would be to ask how biodiversity conservation became a top item on the agenda of governments, which led to the signing of the United Nations Convention on Biodiversity at the 1992 United Nations Conference on Environment and Development, also known as the Rio Earth Summit. While groups of international experts supported by the International Union for the Conservation of Nature (IUCN) and the United Nations Environment Programme (UNEP) played a leading role in drafting the Convention on Biological Diversity, governments gave it

its final shape. They rejected the notion that biodiversity be considered the "common heritage" of humankind since most components of biological diversity are under national jurisdiction. Instead they placed emphasis on "sovereign rights" over biological resources while recognizing that the conservation of biodiversity is a "common concern" of humankind (Glowka et al. 1994). Political science is being called upon to illuminate the uneasy balance of multiple layers of interests in biodiversity and to explain how the preoccupation with biodiversity loss by relatively small circles of people in Northern countries became a widely popular subject able to capture the attention of national governments and subsequently, of global institutions.

Furthermore, a variety of disciplines including sociology, anthropology and economics, can help shed light on the complex social, economic, political and cultural realities of biodiversity-rich areas. Competing interests at the local level may draw different benefits from biodiversity. In many cases the distinction between dominant groups in a society and local communities is that the latter often have a weak political power base and little influence in decision-making processes affecting the land, forests and water resources on which their livelihoods depend in a direct fashion. A kaleidoscopic range of natural and social science disciplines can contribute to understanding the linkages between biodiversity and human activities at different geographic scales ranging from its local uses by agricultural, pastoral and fishing communities to international trade, consumption and concerns about conservation in far away places.

The objective of this thesis is to examine a very small and circumscribed, yet influential, piece of this puzzle. Using a variety of analytical tools, it focuses on political power structures as represented by the international financial institutions and their compliance with their own policy mandates as they relate to biodiversity conservation. Political ecology thinking with its emphasis on the importance of power relations provides the overall theoretical framework of the research being undertaken.

1.3 Political Ecology Thinking

Political ecology is based on the recognition that environmental problems have ecological as well as political-economic dimensions. According to Blaikie, political ecology thinking represents a shift from a structural to an inter-actionist way of

understanding the environment and society (Blaikie 1995b). Political ecology emphasizes that the scientific understanding of the environment is no longer accepted uncritically and advocates an understanding of the environment as a social construct. This view does not represent a post-modernist denial of the objective existence of the environment and the real physical changes that are taking place in it. It does however, as Blaikie suggests, represent a way of opening our vistas to a broader view of environment and society (Blaikie 1995b).

The core research of this thesis addresses the question of the compliance of the World Bank and the Global Environment Facility with their own biodiversity-related policy mandates. The question fits well into an as yet underexplored area of political ecology, which occupies itself with the interface of international financial institutions and the environment.

The theme of a dialectical relationship between the environment and society is also central to geographer David Harvey. Harvey refers to the historical geography of socio-ecological change that sheds light on the ways in which socio-political and ecological projects intertwine and at some point become indistinguishable from each other (Harvey 1996 :182-183). Harvey adds:

“The circulation of money not only makes the environment go round, but it simultaneously makes social relations in such a way as to bring back the golden rule that environmental transformations are always transformations of social relations” (Harvey 1998: 335).

In David Harvey's interpretation of historical geography, all ecological projects are simultaneously political-economic projects and vice versa (Harvey 1996: 182). This assumption underlies the broad question about the characteristics of political power structures which are able to 'arbitrate and translate' between different geographic scales ranging from the global to the local.

The focus of this study is the political power structures represented by the multilateral financial institutions. The motivation behind choosing these global actors and not others is reflected in a statement by Gasper: *"If one believes, however, that the ideas, norms, blueprints and personnel determining 'development' come in large part from the North, notably from a few donor organizations, ...then one must indeed study*

those organizations as closely as possible" (Gasper 1996a:165). The importance of examining international financial institutions is also emphasized by Blaikie who views development agents as being part of the solution and possibly also a part of the problem (Blaikie 1995b:205). The World Bank's objective of taking on the task of managing the global environment (World Bank 1997d) lends added weight to examining its programme practice.

In the area of biodiversity, the international financial institutions are engaged in "arbitrating and translating" between global and local geographic scales. While the policy frameworks are set and the funding is raised at the global level, the impacts of the programmes and funding flows are at the local level in developing countries and in countries in transition, the former Eastern Bloc. While the World Bank and GEF pursue a global environmental agenda, their environmental and social policies, which have a bearing on biodiversity, build bridges to the local level by requiring the participation of local communities in decision-making regarding the design and implementation of projects. The Cameroon case studies examine the institutions' compliance with their biodiversity-related policies in specific local development programmes.

1.4 The Institutions' Policy Mandates

1.4.1 The World Bank

Claims to the importance of biodiversity conservation rest upon a broad spectrum of ethical, moral, economic and multi-level arguments (Blaikie 1995). Many aspects of this broad spectrum are reflected both in World Bank and GEF policy discourse, as well as in specific World Bank operational directives which provide mandatory guidance for World Bank staff in the preparation and implementation of projects.

In recent years, the World Bank has refined its mission from one of promoting economic growth to promoting sustainable development, in which it considers biodiversity to be of key-importance (World Bank 1992). In the institution's discourse, its twin goals of poverty alleviation and human development depend on environmental sustainability and biodiversity conservation (World Bank 1995a). The key-role accorded to biodiversity leads the World Bank to acknowledge that specific

targeted investments in biodiversity conservation *per se* (e.g. financing of a nature reserve) only have very limited impacts as long as biodiversity concerns do not figure prominently in overall decision-making. As a result, its discourse and policies commit the institution to incorporating biodiversity concerns in all of its activities, ranging from its policy dialogue with governments and the promotion of policy reforms at the macro-economic level to the design and implementation of individual development projects. Many of the latter are in biodiversity-sensitive sectors such as agriculture and forestry, infrastructure, mining and energy.

In addition, World Bank statements on sustainable development are permeated by a discourse emphasizing the need for highly participatory approaches and the participation of local people in decision-making that directly affects their lives (World Bank 1989c). In the area of biodiversity conservation in particular, World Bank discourse establishes the link between improved local livelihoods and the chances for biodiversity conservation and emphasizes the need for active participation of local communities and non-governmental-organizations at the project level (World Bank 1995a). This discourse appears to be at odds with the World Bank's and the GEF's state-centered activities. Both institutions work through national governments many of which have little interest in the participation of marginalized and disempowered people who often live in remote biodiversity-rich areas.

Reflecting much of the discourse, the World Bank has developed over the past decade a series of specific environmental and social policies and operational directives to provide guidance to its staff and ensure quality and consistency throughout its investment portfolio.

Amongst the World Bank's mandatory operational policies and directives which have a direct bearing on biodiversity conservation, are the Bank's policies on environmental assessments (OD 4.01), on natural habitats (OD 4.04), on forestry (OP 4.36) and on indigenous peoples (OD 4.20). Many of these policies require the informed participation of project-affected people and therefore fit into what Blaikie has called the "neo-populist" approach to biodiversity conservation as distinct from the "classic approach" with its roots in colonial administration and the use of state power as its main tool (Blaikie 1995a).

1.4.2 The Global Environment Facility

The GEF was established in 1991 as the world's primary financial entity to provide funding for projects to protect the global environment in four focal areas: climate change; biodiversity conservation; the protection of the ozone layer; and the protection of international waters. The GEF was established at the initiative of Northern governments and its choice of focal areas reflects the perceptions of Northern constituencies of what the most urgent global environmental problems are. The GEF was further strengthened in 1992 when it was adopted as the interim financial mechanism by the United Nations Conventions on Biodiversity (CBD) and the Framework Convention on Climate Change (FCCC) to help developing countries meet their obligations under the Conventions. The CBD became a legally binding international agreement in December 1993 when, as stipulated by article 36 of the CBD, thirty of the states which are signatories to the Convention had passed national legislation to ratify it. The preamble of the CBD recognizes that the conservation of biodiversity is a common concern to humankind and sets three goals that place the CBD squarely in the field of environment and development:

- (1) The conservation of biodiversity;
- (2) The sustainable use of its components;
- (3) The fair and equitable sharing of the benefits arising out of genetic resources (CBD, Art. 1).

The CBD also establishes that the GEF *"function under the authority and guidance of, and be accountable to, the Conference of the Parties of the Convention"* (CBD, Art. 21). This stipulation puts the GEF on an unclear legal footing as to which guidelines ultimately apply to its projects because the GEF is not an independent entity but a tri-partite arrangement co-managed by the World Bank, the United Nations Development Programme and the United Nations Environment Programme in which the World Bank exercises a dominant role as administrator of the GEF trust fund and as implementing agency for all GEF investment projects. Functioning under the authority of a United Nations-type body is not reconcilable with the World Bank's charter which establishes that voting shares are proportional to the shareholders' financial contribution (IBRD, Articles of Agreement 1989). The unsolved dilemma consists of a United Nations agreement, based on the principle of one country/ one vote, attempting to have under its authority, a financial mechanism largely identified

with a Bretton Woods institution, in which the world's wealthiest ten countries have a majority of the vote. So far, the potential conflict has not come to the fore as the Conference of the Parties of the CBD has limited itself to providing guidance to the GEF in only the most general terms. As a result, the fact that decision-making procedures and internal policies of World Bank apply to all GEF investment projects has not been subject to in-depth questioning.

The World Bank itself emphasizes that it administers GEF-funds with the same care used for its own funds. Therefore, in addition to the more general guidance from the Convention on Biodiversity, World Bank policies and directives apply to all GEF investment projects (Shihata 1994).

1.5 The Cameroon Case Studies

The detailed nature of the World Bank's environmental and social policies, the number of World Bank staff working in the environmental area and the institution's unmatched institutional and financial resources represent a formidable potential for biodiversity conservation. It is generally accepted that the World Bank's policy framework is very advanced in comparison with other multilateral and bilateral development agencies, many of whom have weaker or no guidelines on social and environmental safeguards in their operations (Haas & Haas 1995). For example, the World Bank was the first public development institution to develop guidelines on involuntary resettlement and on indigenous peoples.

The World Bank and GEF policies which require a more participatory approach and greater attention to local geographies are a reflection of what Crush has described as a "pronounced undertow" of alternative discursive strategies within development discourse (Crush 1995:20). Some of the environmental reform policies include significant provisions for transparency and participation in World Bank and GEF projects, which, if implemented, may in many cases undermine what Bryant has described as elite interests, *i.e.* the perpetuation of the economic and social status quo (Bryant: 1997b).

Crush suggests that development discourse is not hermetically sealed and impervious to reformulation when challenged (Crush 1995). The changes in environmental discourse appear to indicate that the institutions are modifying their

view about how the world works. Are we witnessing a paradigm shift away from the mechanistic assumptions of the neo-classical economics to a new thinking which embraces the complexities of biological interdependencies and social justice? Or, as Piers Blaikie puts it, could it be that what appears to be a major paradigm shift at an important international organization "...may hardly create a shudder to a lumberjack with chain saw in hand somewhere in the African tropical forest" (Blaikie 1995a:4)? Have the changes in the institutions' discourse and policies affected concrete projects and funding flows?

Answers to these questions require the examination of concrete development practices in a specific geographic area. A central reason for the choice of Cameroon is that the institutions themselves consider the protection of natural forest and savanna ecosystems in Cameroon to be of high international importance (World Bank-GEF 1995d). Both the World Bank and the GEF have accorded biodiversity protection in Cameroon a high priority. Large remaining tracts of relatively undisturbed lowland humid tropical forest, the broad range of ecological habitats and biogeographical affinities with both western and central Africa explain Cameroon's wealth in biological diversity (Alpert 1993). In addition to its large tropical rainforest estate, the country's savannas and especially its ecotones, the transitional areas between savanna and rainforest, are attracting the attention not only of scientists but also of a whole range of international donors (Sunderland et al. 1997, Smith et al. 1997).

Apart from recognizing the importance of Cameroon's biodiversity as being globally significant, the World Bank is investing in policy reforms and infrastructure development in Cameroon which have both direct and indirect impacts on the country's biodiversity. The GEF, on the other hand, is financing a project designed to directly promote the conservation of biodiversity in several specific regions of the country.

The study examines how three different types of on-going or planned programmes follow the institutions' biodiversity-related policies. The World Bank programmes date mostly from the second half of the 1990s, a time when the environmental agenda at the institution was already solidly established. The GEF project for Cameroon was one of the first GEF projects to be approved by the GEF Council soon after the founding of the GEF in 1991. However, the project has undergone further development in subsequent years.

The first programme concerns the promotion of macro-level policy reforms and includes both the World Bank's Country Assistance Strategy, a blueprint for development assistance, and the institution's efforts to reform Cameroon's forestry law. The second type of programme represents more traditional development projects, *i.e.* investments in infrastructure development. It includes a transport sector loan as well as the preparation of the building of an oil pipeline. The third programme is a GEF-funded project directly targeted at biodiversity conservation. Although the study examines compliance with biodiversity-related policies in three distinct types of investment, the limit of the study to only one country carries methodological risks. While this risk cannot be completely eliminated, it is being addressed by contrasting the findings of the Cameroon case examples with internal World Bank and GEF evaluation and quality performance reports which cover the institutions' overall activities. Placing the place-specific findings into this broader context may indicate that they form part of more systemic patterns of internal institutional dynamics.

1.6 The Choice of Analytical Tools

Interdisciplinary approaches integrating knowledge and methods from a variety of social and biological sciences are contributing to the design of policies intended to halt the loss of biodiversity. This thesis takes as its point of departure broadly accepted environmental and social policies designed to address the question of biodiversity protection. Existing World Bank and GEF policies are considered to be broadly accepted because they were approved by the World Bank's Board of Executive Directors, representing all of the institution's shareholder governments. In addition, they were implicitly endorsed by the United Nations when it adopted the GEF as the financial mechanism for the U.N. Convention on Biodiversity.

The central question of this study concerns the compliance of international financial institutions with these policies. The relation between the intentionality of the policies and the application of the policy requirements in practice is complex. The complexity requires the use of distinct sets of analytical tools which are borrowed from political science and from the areas of sociology and economics which are concerned with theory of organization.

The usefulness of employing tools from political science and theory of organization can be deduced from Ascher's findings about the paradox of international financial institutions. According to Ascher, this paradox consists of international financial institutions being creatures of states as well as full-blown bureaucracies in their own right (Ascher 1983). The neo-realist perspective of the political science approach holds that international institutions are an instrument of the interests of their most powerful shareholder nations. This perspective offers insights into how the environment in general and biodiversity in particular were propelled to the top of the agenda of international financial institutions. The adoption of an agenda which declares biodiversity conservation to be central to the World Bank's mission of alleviating poverty, represents a sharp departure for an institution which is closely associated with the traditional interpretation of development understood as resource exploitation through activities such as agricultural expansion, logging and mining. This approach largely considers the environment to be an infinite resource and a free good. Northern governments, which hold most of the voting shares and which exercise considerable informal influence within the institutions, were instrumental in establishing the environmental agenda at the World Bank and in creating the GEF. Since they provide most of the direct and indirect contributions to the World Bank and the GEF, they should have an immediate interest in seeing the funding flows address the problems that they have identified. But what resources and mechanisms do they use to ensure that the environmental mandate of the institutions is actually being implemented in practice?

The analysis of the influence of powerful external actors, which in the case of the World Bank and the GEF are the countries which provide most of the financial backing and therefore hold most of the proportional voting shares, reaches only to a certain point. It has limited explanatory power when it comes to the internal processes of institutions. Ultimately, however, the internal dynamics of institutions determine to a large degree how institutions will pursue new sets of goals and how these will become incorporated into institutional practice. The bureaucracy itself has to be examined because it is an actor with objectives and approaches that are not simply the vector of interests of its member states (Wade 1997a).

After reviewing the degree of compliance with the institutions' own policy mandates in three specific programme areas in Cameroon and placing the results in

the broader context of internal World Bank/GEF evaluation and quality performance reports, this thesis seeks to explain possible systemic patterns of policy adherence by using a variety of tools borrowed from theories of organization. These address the general analytical issue of how and why relatively autonomous organizations change and provide a rich source of understanding of their internal dynamics.

The work of Max Weber, whose early 20th century theories form the basis of the sociology of organizations, continues to be helpful in understanding the nature of institutions. Weber viewed bureaucracy as being at the center of the modernization process. Both the World Bank and the GEF fall squarely into Weber's definition of bureaucracies as modern systems of large-scale administration in which the administrative staff is clearly distinguished from the governing body that employs it (Beetham 1996). The term bureaucracy applies only to the administrative staff which are responsible to the governing body for execution of policy and administration of funds. By definition bureaucracies are both subject to higher authority and involved in exercising authority themselves. Political economy thinking expands on this definition by adding that bureaucracies are financed by grants rather than by the sale of a product on the market, which is what distinguishes a bureaucracy from a firm (Beetham 1996). The definition of bureaucracy as a grant-financed entity applies seamlessly to the GEF and in a slightly more complicated fashion, to the World Bank, whose main sources of funding are either direct government grants or its ability to raise funds on international bond markets using possible calls on capital from its main shareholders as collateral. Furthermore, its status as preferred creditor, (*i.e.* the first entity to receive loan repayments from borrowing countries in times of crisis as well as the lack of a connection between loan repayment and actual performance of the projects financed by the loan) establish the World Bank as an entity operating outside the rigors of free market competition. While Weber's theories have limited usefulness in a world which has undergone profound changes since he first developed them, his definitions remain useful frames of reference.

Using Wildavski's classic analysis of the "Self-Evaluating Organization", the study examines the evaluative activities of the World Bank and the GEF and their role in promoting internal learning (Wildavski 1972). Theories of organization distinguish between organizational adaptation and learning. While the latter mode of learning leads to the adoption of qualitatively new objectives and priorities, the former

involves changes brought about by new pressures or incentives but without adjustments in the organization's underlying goals and priorities.

According to its established rules, known as the Articles of Agreement, the World Bank may base its lending decisions only on economic grounds and is explicitly barred from considering political aspects in its client countries (The World Bank 1989a, p.13). Is the apparent depoliticized nature of World Bank/GEF activities undermining learning potential because it chooses to pay little, if any, attention to concrete political power relations in its client countries? An institution's ability to learn may be directly related to its effectiveness. One definition of effectiveness is to inquire if the measures taken have changed the behaviour of actors (Keohane 1996). For example, have the biodiversity-related environmental and social policies led to a change in the way in which World Bank/GEF staff prepares projects?

Increasingly, the World Bank and other development agencies are recognizing that "institutions matter" and that the role of institutions in development is likely to be more important than the role of public investment (Picciotto 1995). This approach, known as new institutional economics, emphasizes the importance of the design of responsible and accountable institutions in developing countries. It extends the scope of economics to include an exploration of 'opportunism', rationally self-interested behaviour and uncertainty in the way institutions operate (Toye 1995). Turning the table around, this thesis inquires whether the approach provides valuable insights into the internal dynamics of the international financial institutions themselves.

A parallel analysis is represented in the public choice approach, which holds that international organizations cannot be assumed to be unitary rational entities always acting in the public interest (Vaubel 1991). The approach views international organizations as self-interested entities which try to maximize their power in terms of budget size, staff and freedom of discretion. According to this approach, the fundamental goals of an international organization, its survival, control over resources and decision-making authority, may be divorced from the objectives, or value allocation, for which the institution was created (Le Pestre 1986).

The analytical tools borrowed from political science as well as from the areas of sociology and economics concerned with theory of organization, are used to explain how biodiversity conservation became a priority on the agenda of the international financial institutions and how they incorporate this new goal into

institutional practice. The findings of the Cameroon case examples are contrasted with the results of several internal World Bank and GEF evaluation reports in order to assess whether they form part of more systemic patterns of institutional dynamics. Such patterns may lend themselves to more systematic hypothesis testing in future research.

The goal of the research is to provide insights into the conditions that are necessary if the institutions are to be rendered more accountable to their constituencies at different geographic scales. Since accountability is a difficult concept to operationalize, the sole indicator chosen for the purpose of this study is the degree to which the institutions comply with their own reform policies. The final results hope to contribute to an answer to the question about the nature of political power structures which can "arbitrate and translate" between global and local geographic scales (Harvey 1996:204). Such political power structures would have to be able to create political spaces of negotiation for a plurality of interests and views regarding the environment and biodiversity (Blaikie 1995).

1.7 Thesis Overview

The thesis can be broadly divided into two parts. The first four chapters provide the theoretical and practical background to the research and the following chapters present and analyse the collected material.

The introductory chapter provides background and frames the basic research question which examines the compliance of the World Bank and the GEF with their own environmental and social policies as they relate to biodiversity protection. It provides a brief overview of political ecology thinking which represents the overall conceptual framework of this study. The chapter then describes the biodiversity-related policy-mandates of the World Bank and the GEF and explains the choice of Cameroon as the geographic context for examining the compliance of the institutions with their own environmental and social policies. The chapter concludes by referring to the analytical tools borrowed from political science and from the area of sociology concerned with theory of organization which help explain both the rise of biodiversity conservation as a priority of the institutions and the discrepancies between their policy statements and the development of specific programmes. The objective is to contribute to an answer to the question about the nature of political power structures

which are able to arbitrate and translate between global and local levels and thereby render these structures more accountable to their constituencies at different geographic scales.

Chapter 2, the literature review, is divided into two major sections. The first section provides an overview of the literature in the area of political ecology and the related field of critical development theory. It then reviews the literature relating to the political rise of biodiversity on the global agenda and the history of environmental reform at the World Bank. The second section reviews the literature related to the different angles of the biodiversity debate. It begins by laying out the biophysical dimensions of biodiversity and the respective arguments provided by the natural science community. This is followed by reviewing the literature related to the human dimensions of biodiversity which establish linkages between biodiversity and sustainable livelihoods and highlights the complexities of local situations.

Chapter 3 presents the methodologies being applied. It describes the variety of both public and internal sources of information both at World Bank and GEF headquarters in Washington, D.C. and in Cameroon. In addition to written materials, the research made use of informal social science research methods, such as semi-structured interviews, to gather additional information and verify findings. The chapter refers to the methodological risk incurred by limiting the study to only one country and describes how this risk is being addressed by contrasting the specific findings from the Cameroon case studies with the results of internal evaluation and project quality reports carried out by the institutions themselves. The chapter concludes with a review of the tools borrowed from political science and theory of organization which are being used to analyse the case study results.

Chapter 4 contains three sections which describe the overall research landscape. The first two sections provide a more in-depth review of the World Bank and the GEF as institutions which are key brokers between global and local geographic scales. It examines the World Bank's history of environmental reform, its goals of "mainstreaming" global environmental concerns into its overall project portfolio, as well as its internal evaluation mechanisms. With regards to the GEF, it explains its genesis, the motivations behind its complicated institutional set-up and the controversial trajectory since its establishment in 1991. The third section presents the

geographical context of the research by providing an overview of the political, socio-economic and environmental situation of Cameroon in the 1990s.

The following three chapters represent the primary and core research of the thesis. Each covers one of the three programmes financed by the World Bank or the GEF in Cameroon.

Chapter 5 examines the World Bank's policy dialogue with Cameroon, which provides the overarching framework for World Bank support of macro-economic and sector policies as well as the implementation of individual development projects. The first section analyses the World Bank's Country Assistance Strategy, a key strategic document which serves as a blueprint development plan and lays out World Bank priority investments. The second section examines World Bank efforts to assist Cameroon in reforming its forest policy. These efforts to write a new forestry code for Cameroon have been part of successive structural adjustment programmes.

Chapter 6 analyses how the World Bank's biodiversity-related environmental and social policies are reflected in specific infrastructure development programmes. The first project being examined is a Transport Sector loan which involves financing of a range of activities, including the rehabilitation or construction of a priority network of roads, some of which are located in Cameroon's south-eastern forest region. The second section examines the preparation of the building of an oil pipeline through Cameroon which traverses forests, savannas and transition areas which are considered to be rich in biodiversity. The Atlantic forest area, where the pipeline enters the ocean, is also the home of Bakola people, indigenous forest-dwellers who under existing Bank policy deserve special attention.

Chapter 7 examines the biodiversity protection project for Cameroon, which is funded by a grant from the GEF and implemented by the World Bank. The project's goal is to be accomplished by assisting the government in improving the management of its protected areas. The first section of the chapter analyses the conservation paradigms present in the World Bank/GEF approach. This is followed by research into the origins of the project and an analysis of the role of different project actors, which in addition to the World Bank/ GEF and the government include several international non-governmental organizations.

Chapter 8 reviews the findings of the three previous chapters and contrasts them with World Bank and GEF internal and public evaluation reports. In the case of the World Bank, these include the landmark 1992 Wapenhans report, which highlighted the underlying institutional culture of "loan approval", as well as several confidential reports from both the World Bank's Operations Evaluation Department and its Quality Assurance Group. The GEF, on the other hand, has undergone two major public evaluation reports since its establishment in 1991 which provide background and context for the GEF biodiversity protection project in Cameroon.

Chapter 9 pulls the multiple strands together by placing the findings in their theoretical context. While political ecology serves as the overall theoretical umbrella, the analytical tools being used are borrowed from political science and the area of sociology which is concerned with theory of organization. The conclusion seeks to contribute to an answer to the question about the characteristics of political power structures which are able to "arbitrate and translate" between global and local geographic scales. Having focused on existing international financial institutions, the thesis represents an attempt to spell out the political and institutional conditions under which institutional change can lead to greater accountability to the institutions' constituencies at different geographic scales in particular to the intended project beneficiaries in developing countries, who often are part of the politically weakest groups.

1.8 Summary

The introductory chapter presents the broad lay-out of the research. It places the research in a theoretical framework based on political ecology thinking which emphasizes the central role of political and socio-economic structures in shaping resource use (Fig. 1.1). The core research addresses the degree to which two of the world's most influential multilateral institutions comply with their own environmental and social policy mandates as they relate to biodiversity conservation. The study examines the discourse and key policies of the World Bank and the Global Environment Facility (GEF) and evaluates how they are reflected in specific programmes in a concrete country context. Since both the World Bank and the GEF have declared Cameroon to be a country of globally important biodiversity, the thesis

examines three distinct development programmes financed by the institutions in Cameroon. The programme-level findings are contrasted with the World Bank's and GEF's own evaluation reports in order to determine if they form part of more systemic patterns of internal institutional dynamics.

Analytical tools borrowed from political science are used to explain the rise of biodiversity conservation as a stated priority for both the World Bank and the GEF and the development of institutional policies reflecting this new goal. The areas of sociology and economics concerned with theory of organization provide the tools to help understand the discrepancy between the established policies and institutional practice which is documented in the case studies and reflected in the institutions' own internal evaluation reports. The combination of the findings facilitated by both sets of analytical tools contributes to answering the question of the nature of political power structures which can arbitrate and translate between global and local levels, and thereby be rendered more accountable to their constituencies at different geographic scales.

Political Ecology

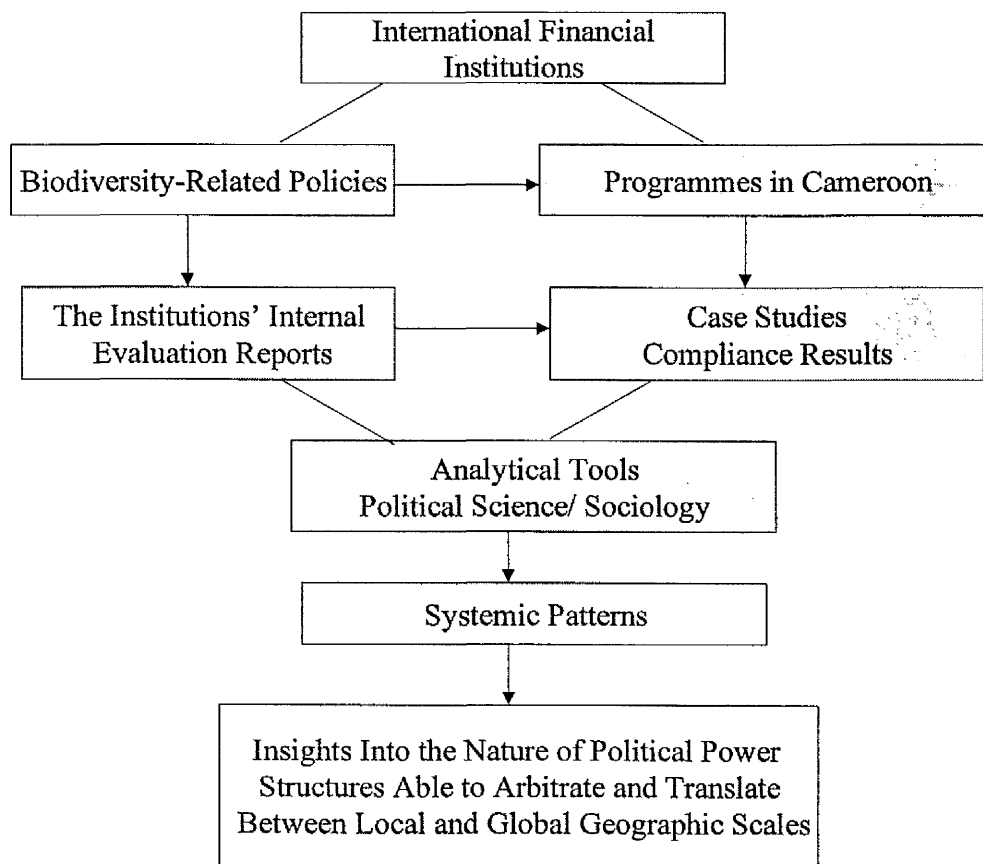


Fig. 1.1 Conceptual Framework

CHAPTER 2

LITERATURE REVIEW: POLITICAL ECOLOGY AND DIMENSIONS OF BIODIVERSITY

2.1 Introduction

This chapter reviews a broad range of literature on political ecology and the critical theory of development as well as on the multiple approaches to viewing biodiversity from the natural and social science perspectives. The multiple angles being examined provide a broad context for the question of how international financial institutions comply with their own policy mandates as they relate to biodiversity.

One way of looking at political ecology is to understand it as an important field in which the regulation of societal relationships with nature takes place (Keil et al. 1998:12). A critical area of this regulation is reflected in the environmental and social policies adopted by the World Bank and the Global Environment Facility, because they intend to regulate how activities backed by large-scale international funding insert themselves into the natural environment.

While the natural and social science arguments relating to biodiversity are not the focus of this study, the part of the literature review which covers the current debates in these areas, provides background and lends perspective to the focus on global institutions of this study. Indeed, the contents of the institutions' environmental and social policies related to biodiversity reflect some of the findings of the scientific communities. The identification of the problem of biodiversity loss by the natural sciences enabled the building of political support for the establishment of environmental policies at the World Bank and the creation of the GEF. The fact that some of these policies include provisions for the active participation of local people in the design and implementation of projects reflects the approaches upheld by social science thinking in which human activities are considered to be essential to protecting, if not to generating, biodiversity.

This chapter is divided into four major sections. The first section reviews the growing literature in the field of political ecology and the critical theory of development. Political ecology is based on the recognition that environmental problems have ecological as well as political-economic dimensions. It is therefore well-placed to address a central problem underlying biodiversity loss which was identified by the 1987 report of the World Commission on Environment and Development:

"Those responsible for managing natural resources and protecting the environment are institutionally separated from those managing the economy. The real world of interlocked economic and ecological systems will not change; the policies and institutions concerned must" (WCED 1987:9).

The World Bank and to a lesser extent the GEF are amongst the most influential institutions concerned because of their significant impacts on the economy and environment in many Southern countries. Following the publication of the WCED report, the environmental and social policies of the World Bank were strengthened and the institution's discourse became more environment-conscious. The question posed here concerns the institutions' compliance with their social and environmental policy mandates as they relate to biodiversity. Both political ecology and the critical theory of development inform the approach to this question.

The second section reviews the emergence of a global biodiversity agenda and how, subsequently, biodiversity protection has become central to the activities of the World Bank and the GEF. These institutions are now the world's foremost multilateral agencies with the power and the financing to influence natural resource management decisions and biodiversity in Southern countries (and increasingly in the formerly communist countries). As the world's largest development agency, the World Bank has refined its mission in recent years from one of promoting economic growth to promoting sustainable development in which the conservation of biodiversity is considered to be essential (World Bank 1992). In addition, the Global Environment Facility (GEF) was established with the purpose of serving as a multilateral funding mechanism for global environmental problems with much of its attention focused on biodiversity conservation. The discourse of the international financial institutions has been shaped by the findings of the natural

sciences. Other elements, however, have been added, such as an emphasis on local participation in projects and the role of economics in valuing the environment, which Blaikie and others have described as the "neo-populist" and the "neo-liberal" approaches to biodiversity conservation (Blaikie 1995, Blaikie & Jeanreneaud 1997, Biot et al. 1995).

The third section of this chapter reviews how the natural sciences define biodiversity and reflects some of the scientific uncertainties with which the natural science community continues to struggle. The debate within this community is largely shaped by the discourse of conservation biology with its construct of the natural world in which the realities of local people and their livelihood practices are often excluded (Pimbert & Pretty 1997, Zerner 1996). Since natural science arguments are not the focus of this thesis, this section provides mere reference points suggesting the scope of the problem.

The final section covers social science approaches to biodiversity. These reflect the complex reality in biodiversity-rich areas where competing interests may draw different benefits from biodiversity. Local societies not only differ from place to place, they are also continuously changing. Despite local differences and change processes, the vast majority of rural people in tropical forest regions suffer severe hardships when deforestation and the loss of biodiversity disrupt their delicately maintained livelihood systems (Barraclough & Ghimire 1995). Ironically, projects to protect forest ecosystems and biodiversity through the establishment of parks and protected areas can also have severe impacts on traditional livelihood sources and culture when they restrict local people's access to common property resources that are essential for meeting a variety of their needs (Ghimire & Pimbert 1997). The intricate relationship between local livelihoods and biodiversity has helped place the concept of sustainable livelihoods at the center of the biodiversity conservation debate.

2.2 Elements of Political Ecology

Since political ecology is based on the recognition that environmental problems have both ecological and political-economic dimensions, this emerging field of study embraces both natural and social sciences. Blaikie advocates a leading role for geography in political ecology because he considers geography to be well placed for bridging the disciplinary divide between natural and social

sciences. He remains, however, concerned about the predominance of human and physical geography which, in his view, has not yet understood how the “other half” of geography works (Blaikie 1995b: 213).

Blaikie himself has been a pioneer in establishing the often interlocked nature of environmental and political problems. The pathbreaking research on land degradation and society undertaken by Blaikie and Brookfield defines soil erosion as being a socio- political-economic issue, as well as an environmental one (Blaikie 1985, Blaikie & Brookfield 1987). The problems of ‘soil erosion’ and of ‘loss of biodiversity’ represent a very similar problematic with a variety of social, economic and political forces at work in the degradation of land or the erosion of biodiversity. Blaikie and Brookfield refer to ‘regional political ecology’. In addition to combining concerns of ecology with considerations of a broadly defined political economy, including the role of the state and the relationships between classes and groups, they emphasize the need to take the environmental variability and spatial variations of regional situations into account (Blaikie & Brookfield 1987).

Atkinson turns away from a regional-specific approach and suggests in “Principles of Political Ecology”, that the environmental crisis ought to be accepted as a given since many situations may have become irreversible by the time we have final proof of the degradation of the earth’s life support systems (Atkinson 1991a: 4). He adds that while the environmental problematic is increasingly seen as a genuine problem for humanity and modern culture, the theoretical literature on which to construct an adequate political ecology remains sketchy (Atkinson 1991a: 39).

Harvey states that environmental transformations are always transformations of social relations (Harvey 1998:335). In his view environmental problems need to be analysed in the light of underlying processes such as associated power structures, institutional configurations and discourses (Harvey 1996).

One recent contribution to the field of political ecology is the ‘Third World political ecology’ developed by Bryant. Third World political ecology represents a response to the perceived apolitical nature of the traditional approaches or business-as-usual attitude of decision-makers to pressing environmental problems in developing countries (Bryant 1997a, Bryant & Bailey 1997b). This approach

establishes linkages between conflicts over access to natural resources and systems of political and economic control and emphasizes the increasing marginality of vulnerable populations as a result of such conflicts. Third World political ecology is characterized as being a geography-based research field which explores the political dimensions of human-environmental interactions (Bryant & Bailey 1997b:17). The authors argue that while political ecology still has to elaborate the contours of an alternative political economy, an emphasis on local level decision-making based on 'sustainable local livelihoods' may provide a logical outcome of political ecology research (Bryant 1997a: 9). A political ecology focused on the Third World and the emphasis on local livelihoods is complementary to Blaikie's thinking when he establishes vital links between democratic control of all local land-users of their environment and the success of conservation efforts (Blaikie 1985). These approaches have much in common with the current debate in the area of critical development theory which turns its back on technical, supposedly apolitical, approaches to development and instead focuses on the political and economic forces at work in the development process and on issues of accountability (Crush 1996).

2.2.1 Political Ecology and Development Theory

Although the relationship between the two disciplines is often not referred to explicitly, political ecology thinking and critical development theory share a fundamental approach. Both recognize that relations of power within societies as well as amongst countries are of critical importance. Both also see the 'conventional development juggernaut' as part of the problem of environmental degradation but conclude that a decisive challenge to the existing development paradigm has not yet been put forward (Atkinson 1991b:410). Critical development theory analyses the discourses and processes of development. What follows is a brief overview of its contribution to the debate on development and on what its proponents view as the impasse of development practice and the possible way forward.

Radical critiques of the development process are increasingly entering the arena of debate within academic development theory (Adams 1995, Porter 1995). The fundamental critique is that Western capitalist thinking, as well as dependency theory and other Marxist critiques of development, all share a concept of

development that originated in 19th century positivist thinking which is characterized by beliefs in linear progress and faith in the supremacy of technology. The notion of a mechanistic march towards progress, which has rationalized both the capitalist system of individual ownership and the centralized planning by bureaucratic authority, has facilitated technologies to exploit stock resources (Norgaard 1994). A mechanistic approach is also inherent in neo-classical economics and assumes a system that can always adapt to a new equilibrium independent of ecological factors. This is what leads Norgaard to believe that "economics as it evolved in existing institutions is at the heart of the problem why development has been unsustainable" (Norgaard 1994: 18). The fact that environmental systems begin to break down and species are disappearing has led to what Watts describes as an impasse in development theory and a crisis in development practice (Watts 1995). But development can reinvent itself. "Development discourse has a remarkable capacity for forgiving its own mistakes and reinventing itself as the remedy for the ills it causes" (Crush 1995: 16). The idea of sustainable development may have provided a new lease of life for discredited earlier notions of development as "...an alluring route for policy development, promising escape from the environmentally destructive record of dominant development paradigms" (Adams 1995 :99). But what exactly is sustainable development? The World Commission on Environment and Development defines it as:

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED 1987: 43).

Norgaard points out that the definition makes no attempt to indicate how it is achieved and that numerous attempts to give it an operational definition have not succeeded (Norgaard 1994).

A critique of the concept of sustainable development is that it pays little attention to the political and economic forces behind unsustainable practices even though they play a critical role in the shift away from traditional, more sustainable agricultural practices to specialization and economic dependency (Redclift 1987). The present debate about sustainable development does not include considerations involving restructuring the international economy which might relieve many of the

resource pressures in the South. According to Redclift, a focus on global solutions appears to be an attempt to evade the issue of the role of the international economy in structural underdevelopment (Redclift 1987). Or, as Anderson and Grove put it, it may ignore the undeniable reality of environmental degradation engendered directly and indirectly by the penetration of Western economic forces (Anderson & Grove 1987).

Western knowledge and technologies are spreading to many parts of the world and 'development' with many different meanings is what much of humanity is aspiring to. Crush argues that development discourse is not hermetically sealed and that it is open to challenge and reformulation (Crush 1995). As a result, new ways of understanding what development is and what it does may gradually emerge. Which direction may possible changes in development philosophy and social organization take? Echoing the voices of many authors, Watts proposes a confluence around civil society as a way out of development gridlock "...where markets are socially embedded, economic dynamism demands social capital and economies are built around trust, obligation and accountability" (Watts 1995: 58, Shiva 1992). Greater accountability to those who are the stated beneficiaries of development is a central theme pointing to the road ahead (Lonsdale 1987, Barraclough & Ghimire 1995).

The emphasis which the critical theory of development places on the need to pay attention to political and economic forces as well as to issues of accountability demonstrates its closeness to political ecology thinking, in particular Blaikie's and Brookfield's regional political ecology and Bryant's Third World political ecology.

2.3 Global Biodiversity Agenda

Biodiversity conservation has become a priority on the agenda of global institutions as a result of perceptions of the environment and the building of political constituencies in Northern countries (Anderson & Grove 1987, Fairman 1996). In addition to traditional concerns about the disappearance of exotic wildlife, arguments about biodiversity's significance for future developments in the areas of global agriculture and modern medicine have helped build northern political and financial support for biodiversity conservation. Since most of the

earth's biodiversity is geographically located in the South, there is the tendency of a North/South divide between local realities of biodiversity as experienced by hundreds of millions of rural and indigenous peoples in Southern countries and Northern plans to protect natural resources in the South (Colchester 1994).

While considerable doubts remain about the rates of loss of species and of habitat destruction, the broad literature reflecting both natural science research and the growing problems of Third World peoples as a result of degraded environments, provides evidence that the on-going disappearance of landscapes and habitats causes the loss of plant and animal life, which in many cases may be irreversible.

Based on the findings of the natural science community, environmentalism in the North has been successful in building domestic constituencies for biodiversity protection and getting the attention of governments (Fairman 1996). Norgaard adds that environmentalists and natural scientists have themselves become part of the political and administrative fabric of Western nations (Norgaard 1994). Once these political constituencies were mobilized, it became a question of donor government self-interest to establish environment-friendly policies to guide their development aid and to create environmental aid budgets (Connolly 1996). Consequently, the institutions have accepted the crisis of biodiversity loss as a given and have adopted a range of biodiversity-related environmental and social policies as their way of addressing the problem.¹

The fact that most of the loss of biodiversity was occurring in Southern environments helped direct the burden of adjustment at developing countries to the point where more rigorous standards for development and conservation activities may be applied to the south than domestically in northern countries (Bell 1987).

A considerable portion of national aid budgets is channeled through the World Bank which makes the institution vulnerable to the possibility of having its budgets cut by its main shareholders, i.e. the Group of Seven Industrialized (G 7) countries. While the World Bank is "owned" by all its members, of which there were 180 as of 1996, its financial strength depends on direct contributions from its wealthiest member countries or on the collateral provided by the same countries which enables the World Bank to borrow on international capital markets at

¹Please see the Appendix for analytical descriptions of the policies.

advantageous interest rates. As a result, the survival of this large multilateral agency depends on the institution's ability to sense the mood in the donor countries and adapt to it (Hancock 1989). The World Bank has been adapting to the environmental priorities of its principal shareholders ever since the mid-1980s when two highly publicized cases revealed its vulnerability to environmental criticism by establishing the link between World Bank-funded forest colonization schemes and massive deforestation in northwest Brazil and on Indonesia's Outer Islands (Lutzenberger 1985, Secrett 1986).

It is within the context of how environmental problems are being perceived in the major donor countries that the rise of the environment as a priority of the World Bank has to be understood. While some of the environmental criticism had aimed at reducing the World Bank's power to intervene in developing countries, the World Bank's role was strengthened by adopting the environmental agenda as its own (Sachs 1992). The World Bank's participation in 1989 in the publication of a major biodiversity strategy document, launched by the world's largest conservation organizations, signaled the elevation of biodiversity concerns to the top of the institution's environmental agenda (World Bank 1990). This helped lay the groundwork for the World Bank to establish itself as the world's main financier of projects specifically aimed at biodiversity conservation through its role in creating the GEF, housing it at World Bank headquarters and staffing its Secretariat. By the time governments met for the 1992 U.N. Conference on Environment and Development (UNCED) in Rio de Janeiro, the GEF was solidly established with the backing of the world's wealthiest countries and thereby pre-empted the establishment of alternative financial funding arrangements for the U.N. Convention on Biodiversity which was signed at UNCED (Fairman 1996).

As a result, a largely Northern environmental agenda with large-scale financial backing both through World Bank loans and GEF grants is striving for implementation in the south (Connolly 1997). In addition, conservation of biodiversity was declared as fundamental to the development process itself (McNeely et al. 1990). However, having a stated environmental agenda is one thing and carrying it out is another. As Brown, Pearce and others point out, in biodiversity, as in other areas, economic and political factors often dictate the policies that are enacted (Brown et al. 1993).

2.3.1 A Focus on International Financial Institutions

The core research of this thesis addresses the question of the compliance of the World Bank and the Global Environment Facility with their own biodiversity-related policy mandates. The question fits well into an as yet underexplored area of political ecology, which occupies itself with the interface of international financial institutions and the environment.

In recent years, these institutions have, at least in theory, moved away from attempting to simply impose their solutions on the South by emphasizing the need to ensure local participation in development projects and to integrate local social and economic development activities with protected area management (Wells et al. 1992). The obstacles are great since 'local ownership' may be at odds with the interests of local or national elites. As Colchester puts it, the politics of conservation projects tend to mitigate against adequate involvement of local people since foreign funding agencies and conservation organizations usually seek legitimacy and authority by making alliances with the government in the country where they wish to operate (Colchester 1994). This cannot but contribute to what Little and Brokensha describe as a shifting of the locus of resource-related decision-making away from local communities to state-related institutions and organizations (Little & Brokensha 1987). As a result, indigenous management systems, where they still survive, are likely to become increasingly marginalized. In a similar vein, Sachs states that national resource management planning, as promoted by international financial institutions, reduces ecology to a set of managerial strategies aimed at resource efficiency, which clashes with the ecology of the commons and is the continuation of what he calls "the war against subsistence" (Sachs 1992:35).

Some of the relevant World Bank policies, which also apply to GEF investment projects, reflect an attempt to build bridges to local people and local realities.² The policy on indigenous peoples in particular presents a commitment to allowing indigenous peoples a direct voice in shaping investments affecting their traditional homelands.

² The World Bank is currently in the midst of "reformatting" its social and environmental policies. The purpose is to streamline them. There is some evidence that some of the policies might emerge weakened from this process and less stringent in their requirements.

World Bank/ GEF Biodiversity-Related Environmental and Social Policies	
Environmental Assessment Policy	Operational Directive 4.01, 1991
Information Disclosure Policy	Best Practice 17.50, 1993
Indigenous Peoples Policy	Operational Directive 4.20, 1991
Policy on Involuntary Resettlement	Operational Directive 4.30, 1990
Forest Policy	Operational Policy 4.36, 1993
Natural Habitats Policy	Operational Policy 4.04, 1995
Economic Evaluation of Investment	Operational Policy 10.04, 1994
Operations Policy	

Fig. 2.1 World Bank/GEF Policies

These biodiversity-related policies and the more general environmental discourse of the institutions serve as the point of departure for the approach to the Cameroon case studies. The relation between the intentionality of the policies and the practical application of the policy requirements in practice is complex. This complexity has to do, at least in part, with what Ascher describes as the paradox of international financial institutions which are simultaneously creatures of states and full-blown bureaucracies in their own right (Ascher 1983).

The analysis of compliance with these policies is facilitated by a variety of analytical tools from the political science perspective and from the areas of sociology and economics concerned with theory of organization. These analytical tools will be examined in the next chapter.

2.3.2 Institutional Adaptation to the Biodiversity Agenda

The environment first became a heading in the World Bank's annual report in 1987, which identified poverty of countries and of people as a major cause of environmental degradation, a situation the Bank seeks to remedy by promoting economic growth with emphasis on improving the incomes of the poor (World Bank 1987: 33). In the same year, the World Commission on Environment and Development (WCED) published its report "Our Common Future", which popularized the concept of 'sustainable development', linking conservation and development. The report also calls for a change in development patterns in order to make them compatible with biodiversity conservation by highlighting that the

disappearance of tropical forests demonstrated the need to attack the problem at its source (WCED 1987).

Following the publication of the WCED report, the Bank added specificity about its environmental efforts in its annual reports. Perhaps the most significant aspect was the World Bank's implicit acknowledgment of its own role in causing environmental problems. It did so by committing itself to anticipating the environmental consequences of its large-scale development projects and to carry out appropriate mitigation measures.

In order to meet the new challenges, the World Bank's small office for environmental affairs became a fully-fledged environmental department in 1988. The environment was further elevated within the Bank's structure in 1993 when the Vice-Presidency for Environmentally Sustainable Development was established. The goal of this Vice-Presidency is to break barriers between disciplines and sectors in order to ensure that all Bank-promoted development activities were environment-friendly and sustainable (World Bank 1995c). From a single staff member in the mid-1970s, the World Bank's environmental staff grew to 300 environmental experts by 1997 (World Bank 1997). The environmental work is guided by about 18 operational policies ranging from directives on how to carry out environmental assessment to how to deal with cultural property in Bank-financed operations (Shihata 1994).

2.3.3 The Proposed Range of Action

The World Bank's annual report in 1988 announced a two-fold approach in its operations:

- (1) address the environmental consequences of individual projects and identify projects aimed directly at environmental problems;
- (2) develop policy interventions to influence environmental behavior on a large-scale (World Bank 1988: 43).

Perhaps the most important tool in addressing the environmental impacts of individual projects is the Bank's policy on Environmental Impact Assessment (Operational Directive 4.00 of October 1989), which requires that every project is screened for possible environmental impacts. A full EIA study is mandatory for all investment projects where significant environmental impacts can be expected.

In addition, the World Bank has invested considerable effort in identifying environmental components of projects and free-standing environmental projects. The World Bank states that its active lending for the environment increased from zero in 1986 to US \$ 12 billion in 1996 (World Bank 1996c). The environmental programs are carried out in 68 countries and cover pollution control, ecosystem protection and capacity building (World Bank 1997). Depending on the region, between about one third and about two thirds of the environmental funding is for natural resource management and biodiversity-related projects. World Bank financed GEF projects in the biodiversity area are included in this subcategory (World Bank 1996c).

World Bank publications acknowledge that it is insufficient to address biodiversity concerns only in the design of individual projects. As a result, the World Bank has stated its commitment to assisting developing countries with integrating biodiversity in national planning and macro-economic policy-making. The vehicles by which this is to be accomplished are National Environmental Action Plans (NEAPs) whose results are then incorporated into Country Assistance Strategies (CAS) (World Bank 1995a). A Country Assistance Strategy is an important document because it represents the basic plan for World Bank investments in a given country. Chapter 5 of this study examines the World Bank's CAS for Cameroon. With regards to the CAS, the World Bank's strategy on biodiversity conservation states that:

"Specifically, when 'sources of growth' and 'comparative advantage' are evaluated, natural resources, including biological sources, need to be valued at their full opportunity cost."

(The World Bank 1995g:4).

The institution's important environmental policies and its unmatched institutional and financial resources represent a formidable potential for biodiversity protection. The policies and resources, however, say little about the extent to which the environmental statements filter down to operational reality at the concrete project level. The Cameroon case studies presented in chapters 5, 6 and 7 of this study shed light on the practical relevance of the policies in a specific geographic context.

The following two sections provide background material and lend perspective to biodiversity-related policies by reviewing literature reflecting the natural and social science perspectives on biodiversity.

2.4 Biological Definitions and Ecological Functions of Biodiversity

The problem of biodiversity was first identified by natural scientists who defined its scope as reaching from the tiniest of micro-organisms to the functioning of entire ecosystems and to the composition of the earth's atmosphere (Watson & Heywood 1995). The term biodiversity as used in the Convention on Biological Diversity is defined as "The variability among living organisms from all sources, *inter alia*, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this diversity includes diversity within species, between species and of ecosystems" (United Nations 1992: Art. 2). When describing biodiversity, biologists usually refer to three hierarchical levels, ranging from whole systems at the landscape or ecosystem levels to single species and genes:

- Genetic diversity is the sum of genetic information contained in the genes of plants, animals and micro-organisms;
- Species diversity refers to the variety of living organisms;
- Ecosystem diversity relates to the diversity of habitats and the variety of ecological processes (McNeely et al. 1990).

Soulé adds two layers in this "biospatial" hierarchy by including "assemblages", which are biotic communities within a defined ecosystem, and "populations", which are dynamic assemblages of individuals which maintain genetic information that may ramify and merge (Soulé 1991).

In summary, the ecological functions of biodiversity cover the entire spectrum of life-support systems. They range from genetic diversity, which is often highlighted with reference to global agriculture and food security (Brown et al., 1993) to the preservation of soils and water quality and the maintenance of the gaseous composition of atmosphere (Watson & Heywood 1995).

2.4.1 Biodiversity and Moist Tropical Forest

Much of the environmental discussion about biodiversity relates to deforestation. Tropical moist forests are widely held to be the terrestrial habitats that are the richest in species (Wilson 1988, Groombridge 1994). There appears to be scientific consensus that overall species richness increases with decreasing latitude (Brown et al. 1993). With the exception of certain groups such as conifers and salamanders, the strongest trend worldwide is the latitudinal diversity gradient which means that group after group reaches its maximum richness in the tropics, most particularly in the tropical rain forests and coral reefs (Ehrlich & Wilson 1991). As a result as much as 50% of the earth's biodiversity is estimated to live in tropical rainforest regions (Myers 1988). Others estimate that anywhere between 50% and 90% of all species on earth are in these regions (WRI, IUCN, UNEP, 1992).

In addition to forests, some intensely managed habitats such as agroforestry systems, can be very rich in species. Therefore, some land-use systems and agricultural practices enhance biodiversity within managed landscapes (Srivastava et al. 1996).

With much attention focused on the tropical moist forest, the biodiversity of other terrestrial ecosystems such as temperate coniferous forests, grasslands and Mediterranean shrublands, appears to be underexplored. In particular, the biological diversity of dry tropical forests may often have been underestimated (Groombridge 1994). Oceans, coastal waters, estuaries and wetlands are increasingly at risk from human activities (WRI, IUCN, UNEP, 1992), yet knowledge about marine and freshwater biodiversity is very limited (Norse 1993).

2.4.2 Definition of Forests and Deforestation

While there appears to be agreement that tropical moist forests contain most terrestrial biodiversity, there is some disagreement in the literature as to what constitutes a forest area. Similarly there is no single definition of what constitutes deforestation. The FAO, which has carried out comprehensive analyses of tropical forest cover defines forests as ecological systems with a minimum of 10% crown cover of trees and/or bamboo which are not subject to agricultural practices (FAO 1993). This definition is considered too broad because it includes many open

vegetation formations which would not be regarded as forests (Groombridge 1994). A more widely accepted definition of what constitutes a forest is that of "closed canopy forest" described as mostly woody formations with a minimum crown cover of 40% (Groombridge 1994).

Deforestation has been occurring in temperate and tropical regions throughout history (Williams 1990). However, definitions of deforestation vary from a complete clearing of tree formations and their replacement by non-forest land-uses to a degradation of forests, which can involve changes in tree species composition, wildlife species and gene pools. This latter definition is advanced commonly by conservation organizations, such as IUCN and WWF and reflects the inclusion of biodiversity considerations (Barracough & Ghimire 1995).

How much tropical moist forest is being lost annually? Again, there is no single answer. According to the FAO, some 154,000 square kilometres of tropical forest were lost annually between 1981 and 1990, which corresponds to a 0.8% compound annual rate of deforestation (FAO 1993). A higher estimate is provided by the World Resources Institute, which puts annual loss of tropical forest at 204,000 square kilometers (WRI 1990). According to Fairhead and Leach, many of the estimates overstate the extent of deforestation (Fairhead & Leach 1998).

The problem appears to be that measuring and assessing changes to forests depends on a consistent application of categories and definitions by all research efforts, but widely acceptable measures have not been developed (Groomsbridge 1994). The overall trend, however, is not being disputed, and the impacts on biodiversity from forest loss may be more far-reaching than deforestation statistics indicate.

2.4.3 The Edge Effect

Data on deforestation of Brazil's Amazon region have been the subject of some dispute. Initial measurements by the Brazilian National Institute for Spatial Research, which were widely reported (World Resources Institute 1990), indicated a rate substantially higher than the one revealed by subsequent Landsat satellite images (Skole & Tucker 1993). The divergent assessments provided arguments for those who felt that the seriousness of forest loss was vastly overstated. Skole and Tucker explained the difference as stemming from a different evaluation in the

forest-cerrado boundaries used by the different researchers. They concluded that while their research indicated considerably less area deforested, their findings document that the patterns of forest clearing matter as much or possibly more than numbers of forest acres lost because of what is known as the edge effect. Networks of roads, powerlines and farms increase access into the forest from the edge between tropical forest and deforested areas and lead to increasing "habitat fragmentation." The indirect effects of deforestation are estimated to be two to three times greater than the area of deforestation. As a result Skole and Tucker conclude that although their estimates of deforestation are lower than previous estimates, the effect on biological diversity is greater (Skole & Tucker 1993).

2.4.4 Taxonomic Data

Speciation (the process by which isolated populations diverge by being subjected to different environments) and extinction are natural processes which occur continuously. However, the rate at which humans are altering the environment and the extent of those alterations and their consequences for ecological systems are considered unprecedented in human history (Watson & Heywood 1995). An estimate put forward by both UNEP and by Harvard University biologist E.O. Wilson is that the human-induced rate of extinction is 1000 to 10,000 times the natural background rate before human intervention (Watson & Heywood 1995, Wilson 1988).

Both world bodies specifically charged with environmental protection and conservation, the United Nations Environment Programme (UNEP) and the World Conservation Union (IUCN) have reached similar estimates of species loss in recent studies. IUCN, in the most comprehensive inventory to date, estimates that about 25% of all mammals and 11% of all known bird species are threatened with extinction (Baillie & Groombridge 1996). UNEP, in its Global Biodiversity Assessment, concludes that due to projected loss of forest cover over the next 25 years, a range of 2% to 25% of mostly the better known groups, plant and bird species will be lost (Watson & Heywood 1995).

Estimates of species in tropical forests range from 3 million to 30 million or more of which only about 1.4 million species have been named so far (Raven 1988). Present estimates of how many forms of life exist on earth have to be

approached with caution because, as E.O. Wilson puts it, the number of species of organisms is not known even to the nearest order of magnitude (Wilson 1988)

This lack of taxonomic precision leads critics to charge that the loss of species is being overstated. According to Julian Simon, estimates of future extinction rates lack any kind of empirical basis and are therefore unnecessarily alarmist (Simon & Wildavsky 1993). Charles Mann, in an article in *Science* magazine, emphasizes that the inadequacy of existing taxonomic data raises questions about the possibility of predicting species loss since if species have actually not been discovered, one cannot be sure if they became extinct or never existed in the first place (Mann 1991).

2.4.5 The Theory of Island Geography

Estimating species loss is often based on the basis of the principles of island biogeography, which stipulate that the number of species in island systems increases approximately as the fourth root of the land area. This has been found to hold true not only on real islands, but also in isolated terrestrial ecosystems (MacArthur & Wilson 1967). Extinction curves are calculated by treating habitats as 'islands' and asking what happens to species when islands grow smaller. Critics charge that the theory's applicability is limited because it was originally developed by studying wild populations on islands and therefore may not apply to larger mainland areas. In addition, they point out that the island biogeography theory fails to distinguish between deforestation and extinction (Lugo 1988). The theory assumes that loss of forest cover is identical to cutting out a piece of an island. However, islands are surrounded by water, a hostile environment to terrestrial species, while the land surrounding forests offers displaced species potential new habitats. Critics emphasize that the nature of the relationship between deforestation rate and species loss is not known (Lugo 1988).

A further critique is that the 'species-area curve' derived from island biogeographic calculations implies that infinite growth in area corresponds to infinite growth in species and thereby fails to consider that habitat loss can occur without substantial species loss (Mann 1991).

University of Oxford professors Smith and May and World Conservation Monitoring Centre (WCMC) scientists Pellew, Johnson and Walter, recognize the roughness of extinction estimates as derived from the species-area relations and projected rates of destruction of natural habitats. They refine estimates of extinction rates by studying documentation on the loss of plant and animal species since 1600, which are presented in WCMC's Red Lists of animals threatened with extinction and WCMC's database on seed-bearing plant species threatened with extinction. The authors recognize the limitations of their approach given the lack of data, the fact that existing data have been compiled opportunistically and not systematically and the focus of existing data on a few comparatively well-studied groups, i.e. birds and mammals. They conclude, however, that for the better known taxa, the estimates of extinction rates are of the same order of magnitude as those derived from species-area relations (Smith, May, Pellew, John & Walter 1993).

2.4.6 Biodiversity and Climate Linkages

Environments and species community patterns have changed constantly in the past and they will continue to change naturally in the future, particularly under the influence of global warming (Graham 1992). While there are scientific uncertainties about anthropogenic climate change, there are indications that global warming could be developing at an extremely rapid rate when compared with most paleoclimatic trends (Schneider, Mearns & Gleick 1992). Man-made climate change is subject to considerable debate but the critical role of forests in stabilizing climate at both the local and the global levels is widely acknowledged (Woodwell 1990, Watson & Heywood 1995). The linkages between forests/ biodiversity and climate can be found at different levels:

Deforestation and Local Climate Change: Rainforests depend on rain for their growth and also produce rain as much of the moisture on the forest canopy evaporates quickly, forms clouds and produces rainfall further downwind. As a result, deforestation leads frequently to the desiccation of previously humid soils (Barraclough & Ghimire 1995). Farmers in coastal regions of West Africa have long understood the linkage between the loss of forest cover, changing rainfall

patterns and declines in the yields of their crops (Horta 1991). Scientists are now corroborating the farmers' findings. The destruction of the rainforest in West Africa over the past two decades has led to droughts and studies carried out by the Massachusetts Institute of Technology indicate that further deforestation might lead to the collapse of the West African monsoon (Pearce 1997), but the scientific basis of such predictions is still questionable.

Forests and Global Climate Change: Conversion of forests into cropland and pasture results in a net flux of carbon to the atmosphere because the concentration of carbon in forests is higher than in the agricultural areas that replace them. Over the last several hundred years, agricultural conversion of forests appears to have contributed to an increase in atmospheric carbon dioxide, possibly affecting climate. Initially most deforestation occurred in Northern countries but in recent decades loss of tropical forest has been the main contributor. Tropical moist forests are estimated to contain about 200 tons of carbon per hectare, which is substantially more than boreal forests (110 t/ha) or temperate broadleaf forests (ca. 100 t/ha) (Graham et al. 1990). It is estimated that tropical forest loss contributed approximately 1.6 gigatonnes of carbon per year to the atmosphere, while fossil fuel combustion released an additional 5.5 gigatonnes (Watson & Heywood 1995). The numbers indicate that forests constitute a significant factor in the carbon exchange with the atmosphere and provide an additional rationale for a precautionary approach to forests.

Global Warming's Possible Impacts on Forests: While it is difficult to forecast what precisely the effects of global warming will be on the earth's biota, natural warming events in the past are serving as a reference. According to Russell Graham, one such event occurred at the Pleistocene/Holocene boundary, 10 000 years ago, when more than 32 genera of large terrestrial animals became extinct in North America alone. The most encompassing impact of climate change appears to have been habitat destruction. The paleobiological record indicates that species will respond to environmental changes individually and not as communities of species. This may hold lessons for the design of biological reserves which should facilitate the migration of species instead of focusing on preserving static community patterns (Graham 1992).

Biological adaptation, however, may be more difficult than the paleobiological record might indicate, since the rate of human transformation of the earth and a growing world population leave considerably less margin for adjustments (Soulé 1992).

What could be global warming's likely impacts on tropical forest areas? According to Hartshorn, it is unlikely that higher temperatures *per se* will have direct negative impacts on tropical forest communities. For one reason, tropical forest regions are less hot than surrounding regions as high temperatures are modulated by cloud cover. If global warming causes increased cloud cover over tropical forest regions, then average daily temperature increases may not be significant. Seasonal patterns and the distribution of rainfall are more important than temperature in cuing many biological activities (Hartshorn 1992). There may, however, be a myriad indirect impacts, ranging from climate change induced tropical cyclones that can devastate tropical forests to changes in human settlement patterns as people search for new sources of agricultural land and water as a result of global warming (Harte, Torn & Jensen 1992).

Since natural science approaches to biodiversity are not the focus of this thesis, this section presents a mere overview of the scope of the biodiversity problem as identified by the natural sciences. Despite the degree of uncertainty involved in scientific issues relating to the earth's biodiversity, there is ample agreement in the literature that deforestation and the loss of biodiversity caused by human activities are advancing at an unprecedented scale. The inter-connectedness between climate and forests appears to provide further arguments for forest and habitat protection.

2.5 The Human Dimensions of Biodiversity

The previous section has focused on the literature covering biophysical aspects of biodiversity as presented by the natural sciences. The findings of the natural sciences, particularly of conservation biology, have generated the political and financial support in major donor nations which has led to the biodiversity-related policies at the World Bank and the establishment of the GEF. In addition to the role played by the natural sciences, these policies also reflect findings from the social sciences, especially in their emphasis on involving local people in

project design and implementation. From a social science perspective, biodiversity protection is a social process that depends on actions at the local level (Davis ed. 1993). In its discourse and policies the World Bank acknowledges the importance of local social forces in ensuring environmental sustainability. For example, the institution's long-term strategy for Sub-Saharan Africa plans to "...release the energies to allow ordinary people... to take charge of their lives" (World Bank 1989c: 4). Broadly speaking, at present biodiversity conservation programmes almost universally emphasize the need for 'people-orientedness' (Jeanrenaud 1997).

However, integrating local people in development and conservation means dealing with complex social, economic and ecological realities. This requires a breadth of knowledge and skills that most development and conservation projects find difficult to muster (Bailey 1996).

Claims to the importance of biodiversity conservation rest upon a broad spectrum of ethical, moral, economic and multi-level arguments (Blaikie, P. 1995). The mostly urban elites in both the North and the South that are concerned about the need to preserve nature, offer generally two rationales for biodiversity conservation. Either they emphasize the aesthetic and amenity values of wilderness as something that needs to be preserved or they focus on possible commercial uses of biodiversity ranging from tourism ventures to industrial-pharmaceutical uses of chemical compounds found in biodiversity-rich areas (Barraclough & Ghimire 1986). These objectives often do not represent local priorities and as a result global strategies to conserve biodiversity may not easily mesh with local societal dynamics.

Local situations can be complex with different classes of producers pursuing different strategies and uses for the environment (Little and Brokensha 1987). The interests of local elites may diverge from the majority of the rural peasant population. The distinguishing characteristic between the dominant groups and local communities is that although the latter are numerically the majority, their political power base is weak and they usually have little or no share in the decision-making processes affecting the land, forests and water resources on which their livelihoods depend in a direct fashion, even if their income is frequently supplemented by small-scale trading and income from wage labor (Ghimire & Pimbert 1997).

2.5.1 Sustainable Livelihoods

Biodiversity conservation and sustainable development can only become a reality when the livelihoods of the poor are given priority (Redclift 1987). They are the forest-dwellers, smallholder farmers, fisherfolk and pastoralists, whose livelihoods are inextricably linked with biodiversity through a mosaic of activities which meet their needs for example for food, medicines and construction material and embody many of their cultural, aesthetic and spiritual values. The forest and the land are most often an inseparable part of the identity of communities, especially of indigenous peoples whose survival as a people depends on living in their forest (Bailey 1996).

Chambers' concept of 'sustainable livelihood thinking' establishes causal relationships between development and livelihoods and the environment and livelihoods (Chambers 1986). The concept of 'sustainable livelihoods' has recently been placed at the center of the 'basic capabilities perspective' in development thinking, which replaces the former 'basic needs' approach. The 'basic capabilities perspective' includes an assessment of local people's ability to have a role in society and influence decision-making (Carney 1998). The concept of sustainable livelihoods lies at the heart of biodiversity debate and provides a framework for the analysis of development and conservation projects and their potential for sustainability.

Sustainable livelihood thinking creates an indicator to help counter the effects of international development which systematically increases the marginality of the most vulnerable groups (Redclift 1987). Shiva argues that when forests, land and water are being "developed" or "scientifically managed" in order to supply industrial inputs, they are appropriated from communities whose lives and livelihoods they have supported for centuries (Shiva 1992:213). Unless local communities enjoy strong protection from the state, they are often dispossessed of their resources when these become commercially attractive to others (Barracough & Ghimire 1995). With respect to conservation efforts, rural populations and indigenous peoples can suffer adverse effects on their livelihoods and food security as a result of the establishment of protected areas that reduce their access to what had previously been common property resources (Ghimire & Pimbert 1997, Horta 1994).

Indigenous peoples and rural people often may know that their long-term survival depends on using resources in a way that will not lead to their depletion or irreversible destruction. They often possess what Lonsdale calls "inherited ecological caution" (Lonsdale 1987: 274). Indigenous knowledge is a dynamic process or as Vandana Shiva puts it, nature itself is the experiment and ordinary people are the scientists as silviculturalists, agriculturalists and water experts (Shiva 1992). An example is the description offered by Jacobs about management systems amongst the Maasai with their detailed knowledge about a myriad issues ranging from elaborate grazing sequences to ensure dry-season reserves of hay and water, to the nutritional value of livestock, many grasses, herbs and seeds at the appropriate stage of their growth (Little & Brokensha 1987). Paul Richards in his study of traditional knowledge systems in West African farming systems found the environmental management of small farmers to be dynamic and innovative and argues for the support of indigenous science instead of undercutting it with foreign expert advice (Richards 1985).

Vansina states that tradition is a process: it lives only while it changes (Vansina 1990: 251). Recognizing the stewardship of local and indigenous peoples over their resources does not mean that their practices cannot change. The notion that local people only be allowed in or near biodiversity conservation areas if they do not change their practices is what Goodland has described as "forced primitivism" (Goodland 1982:21, Colchester 1994).

2.5.2 Indigenous Peoples

Indigenous peoples have a unique status and must receive special attention because of their historical claims to the lands of their ancestors and their vulnerability to disease and general disruption of their lives when they enter into contact with the modern world (Sponsel et al. 1996).

The World Commission on Environment and Development warns of "cultural extinction" (WCED 1987: 114) when it describes the situation of indigenous and tribal peoples whom it recognizes as being the holders of extraordinary skills which enable them to manage very complex ecological systems. "Indigenous peoples" here refers to peoples in a particular territory with their own social and cultural characteristics distinct from the dominant culture of

the nation state where they live. The term is becoming increasingly synonymous with concepts such as tribal peoples and cultural minorities (Gray 1991). In order to counter the increasing vulnerability of indigenous peoples to the loss of their traditional lands, WCED recommends that "The starting point for a humane policy for such groups is the recognition and protection of their traditional rights to land and the other resources that sustain their lives" (WCED 1987:115).

There are an estimated 200 million indigenous or tribal peoples in the world today, or about 4% of world population (Burger cited in Gray 1991, World Bank 1982). The World Bank's paper on Tribal Peoples and Economic Development recognizes that indigenous peoples in tropical forest regions are the only known groups with the knowledge to use the resources of tropical moist forests without degrading or destroying them. Based on this recognition, the World Bank commits itself not to support projects on tribal lands or projects that will affect tribal lands, unless the tribal society is in agreement with the objectives of the project and the borrowing state has the capacity to ensure no harmful side effects from the project (Goodland 1982).

Indigenous peoples' organizations recognize the increasing acknowledgment in the international community of their traditional biodiversity knowledge. But they are concerned about the emphasis in international agreements on the sovereignty of the state in exploiting the natural resources within its jurisdiction because this does little to strengthen ancestral rights to territories if the state chooses to ignore these rights (United Nations 1992: Article 3).

The Charter of the Indigenous Tribal Peoples of the Tropical Forests, an international coalition of tribal groups which gives a voice to peoples who are often in remote (and the biologically most diverse) regions, states in its Article 42:

"The best guarantee of the conservation of biodiversity is that those who promote it should uphold our rights to the use, administration, management and control of our territories. We assert that guardianship should be entrusted to us, indigenous peoples, given that, we have inhabited them for thousands of years and our very survival depends on them" (International Alliance of the Indigenous-Tribal Peoples of the Tropical Forests 1992).

2.5.3 Human Ecology Perspective

The cultural groups that appear to be the least destructive to natural systems are those that have been occupying the same place for centuries or more (Chandler 1991). Beyond this point, there is growing recognition that biodiversity and cultural diversity are linked in a two-way fashion and that both people and their habitats are part of a reciprocal system (Vansina 1990). Human cultures are shaped in part by the living environment that they in turn influence (WRI, IUCN, UNEP, 1992). Bailey states that biodiversity exists in central Africa today, not despite human habitation, but because of it (Bailey 1996: 325).

Nelson and Serafin argue that biodiversity cannot be understood in its complexity if the activities and influences of humans over long periods of time are ignored (Nelson & Serafin 1992). The definition of biodiversity must go beyond primarily biological definitions and include the multitude of human activities, land-uses and institutional arrangements which help shape biodiversity. In this view biodiversity is not just simply the underpinning of human activity but is also the result of human activities that occurred over millennia. A corollary is that the exclusion of indigenous peoples and local communities from protected areas and the neglect of their knowledge can lead to a gradual impoverishment of biodiversity (Ghimire & Pimbert 1997, Bailey 1996).

A related aspect concerns the intellectual property rights of local communities whose activities have helped create what are regarded as "wild species" and who have enhanced biodiversity in general. The Convention on Biodiversity calls for the equitable sharing of the benefits arising from "...the knowledge, innovations and practices of indigenous and local communities" (United Nations 1992: Art. 8(j)). UNEP's Global Biodiversity Assessment declares that the equitable sharing of benefits of biodiversity is a pre-requisite for creating the incentives needed to maintain the Earth's biological wealth (Watson & Heywood 1995).

2.5.4 Ignoring Historical Geography

Ignoring or misinterpreting a region's historical land-use patterns can lead to seriously misguided decisions, as anthropologists Fairhead and Leach demonstrate in the case of Guinea. They studied the historical vegetation cover of

the Ziama Reserve in the prefecture of Kissidougou and then compared it to present-day forest cover (Fairhead & Leach 1993). They found that forest cover had actually increased substantially over the past 40 years. When officials from a conservation and a development organization visited the area, they concluded that the area had been subject to massive environmental degradation. Their findings resulted in a World Bank loan to halt the alleged destruction (IUCN 1991, World Bank 1991c).³ Fairhead & Leach do not downplay problems stemming from large-scale logging operations, the establishment of plantations or other industrial interventions in the forest area. However, they succeed in establishing that the long-term historical and the socio-political context, which links local people to their forest environment, is essential to understanding the dynamics of a changing environment. Little and Brokensha emphasize a similar idea when they state that local resource management has to be examined in the context of social change and that simplistic causal statements about the breakdown in local resource management and associated ecological problems are inappropriate (Little & Brokensha 1987).

2.5.5 Underlying Causes of Biodiversity Loss

Keohane argues that effectiveness requires that a problem is more or less correctly perceived (Keohane 1996). Understanding the causes of a problem is part of that perception. The causes of deforestation and biodiversity loss are multiple and complex and vary according to local circumstances (Sponsel et al. 1996). Humankind has cleared forests throughout centuries but deforestation appears to have accelerated whenever technological innovations increased integration of the world economy. In his broad historical sweep, Williams argues that the cause and progress of deforestation can be found in world economic development beginning with European expansion in the late fifteenth century which led to a redistribution of people, plants and technologies (Williams 1990). The improvement of technologies in logging tools and transportation has accelerated deforestation over time and has led to a situation where at present most of it is occurring in tropical countries (Wilson 1998, Myers 1989, Williams 1990).

³ The World Bank's "Projet de Gestion des Ressources Forestieres" of 1989 was followed by preparation for a Rural Resources Management Project, both of which focused on the Ziama Forest

Clearance of forests for agriculture is generally accepted as the proximate cause of deforestation but there is considerable debate about the underlying forces driving agricultural expansion. Swidden agriculture, often pejoratively called slash and burn farming, is usually seen as the culprit by governments and international aid agencies. However, it is not just poor farmers who are causing the forest to disappear. Forest conversion for industrial monocrop production is an important cause of forest loss and erosion of genetic diversity. With regard to Sub-Saharan Africa, the World Bank has established a theory closely linking population growth, unsound agricultural practices and environmental degradation (Cleaver & Schreiber 1992). Studies sponsored by the World Bank usually list demographic growth and underdevelopment as the forces driving forest and biodiversity loss (Srivastava, P.J. et al. 1996). The Bank's Forest Policy also lists population pressure as the first cause of deforestation but adds three further causes, including deterioration of income opportunities in some countries, greater access to frontier areas as a result of infra-structure development and subsidies for alternative land-uses and logging (World Bank 1991). A non-differentiated claim that puts population pressure at the heart of environmental degradation may often be too simplistic and miss the root of the problem. Westoby, the former head of FAO's Forestry Department, argues that deforestation has less to do with the numbers of humans than with the way that human society is organized and that deforestation progresses most rapidly when exploitation of subordinate groups and resources has intensified (Westoby 1988). In many cases, resource degradation associated with overpopulation may be the result of the loss and/or privatization of lands around communal areas (Little and Brokensha 1987).

In addition to agriculture, forestry practices, fisheries, transportation and urban development can all be proximate causes of biodiversity loss (Watson & Heywood 1995). Often these activities are promoted through misconceived development projects and funded through international development aid (Rich 1994, Caufield 1996). Further causes of biodiversity loss are those mentioned in the plan of action emerging out of UNCED, known as Agenda 21, which include inappropriate land tenure systems and increasing demand for forest products (Posey 1996).

Consumption patterns in Northern countries which generate demand for tropical crops, timber and increasingly for genetic raw materials from the "wild" to supply growing biotechnology industries, are a significant driving force of biodiversity loss. Soulé argues that overharvesting of wild species and forests occurs when countries are undergoing integration into the global economy and land is opened up to human groups with no experience of the geographic setting in which they are operating (Soulé 1991). The role of the international economy in biodiversity loss includes other variables such as deteriorating terms of trade and foreign debt burdens which encourage countries to overexploit their resources for foreign exchange earnings (McNeely et al. 1990, Barraclough & Ghimire 1995). Deep-seated economic and social forces must be considered at the root of forest and biodiversity loss. Colchester and Lohmann succeed in providing a succinct description of the causes of deforestation when they state that it is both wealth and poverty which underlie deforestation and that it is in the inequitable structures that link the two that the roots of forest loss can be located (Colchester & Lohmann 1991).

2.5.6 The Interplay of Local and Global Sustainability

While the 'sustainable livelihoods' concept establishes a close link to local biodiversity conservation, there may also be a broader link to global food supply. The significance of genetic diversity is often highlighted with reference to global agriculture and food security since the few food staple species on which a majority of the world's population depends have been improved by tapping genes from their wild relatives to increase their resistance to pests and disease (Brown et al. 1993). Continued progress in raising and sustaining agricultural yields hinges on better protecting and harnessing the earth's biological wealth (Srivastava et al. 1996).

Genetic erosion occurs in the context of the world-wide spread of new varieties of crops and livestock which have replaced traditional varieties. Africa, for example, is estimated to have more native cereals than any other continent. Conservation of this exceptional cluster of cereal biodiversity holds the promise to thrive where introduced crops are problematic and thereby help provide nutritious food on relatively infertile soils (National Research Council 1996). A similar

connection exists between biodiversity and human health. Traditional medicine directly derived from local biodiversity is the main form of health care for a majority of people in developing countries. In addition, biodiversity in tropical forests has yielded numerous pharmaceutical compounds which have been synthesized into popular western drugs. More recently, pharmaceutical companies have shown increasing interest in incorporating ethnobotanical studies in their research and development programmes (Balick et al.1996).

A purely technical approach of collecting and storing genetic material is not feasible. Ex-situ collections of seeds and field gene banks suffer from a myriad of financial and managerial problems but even more importantly, they suffer from a loss of cultural information on how to use the varieties in their collections (Watson & Heywood 1995). The importance of wild populations can hardly be overstated due to the fact that ex-situ collections of plant germplasm are no longer capable of evolving in response to environmental changes, only wild populations can do so.

Food security and human health are linked to biodiversity conservation. Giving priority to sustainable livelihoods in biodiversity-rich regions appears to be the most promising way to serve the needs of both local and international communities.

2.5.7 Rapid Social and Economic Change

In view of rapid social and economic change, such as the spread of either externally or internally generated demand for money, it is less clear if rural populations and indigenous peoples will continue to be able to protect and generate biodiversity as they have done until today. Indigenous societies are well-equipped to conserve biodiversity given their extensive traditional knowledge of their environment and a desire to remain on their land in the future. However, whether indigenous peoples are the bearers of a conservationist ethic is a contentious question (Colchester 1994). Colchester believes that ecological balance may have more to do with traditional political systems and settlement patterns than with a conservationist attitude to the environment (Colchester 1994). When indigenous peoples have lost part of their ancestral land to outsiders, too many people may have to share too little land, resulting in over-use and degradation of the

environment (Little & Brokensha 1987). The introduction of new technologies, such as chainsaws, guns for hunting and agricultural equipment, may not only change land-use patterns but also traditional value systems and decision-making processes as a result of changing internal social dynamics (Colchester 1994).

Little and Brokensha do not argue for a return to indigenous systems of resource management but suggest that these be examined and that current paradigms of natural resource use be subject to more rigorous empirical analysis (Little & Brokensha 1987).

2.6 Summary

This chapter provides an overview of several strands of literature, all of which provide context to the question of the compliance of international financial institutions with their own biodiversity-related policy mandates. The chapter begins by laying out the basic ideas of political ecology thinking and its relationship to the critical theory of development. Both share the recognition that environmental problems cannot be understood in isolation from economic and political forces. The core research of this study fits well into an as yet underexplored area of political ecology, which occupies itself with the interface of international financial institutions and the environment.

The theoretical background is followed by reviewing publications on the emergence of a global biodiversity agenda and the adoption of this agenda by international financial institutions. Armed with natural science arguments, environmentalism in Northern countries has been able to attract government attention and funding for biodiversity conservation to be undertaken in Southern countries. The World Bank, in which Northern governments exercise predominant influence, has adopted biodiversity as a central theme in its stated objective of promoting sustainable development. In addition, the GEF has firmly established biodiversity as one of the most important global environmental problems to be solved by the international community.

The final sections of the chapter review the literature covering the natural and social science perspectives on biodiversity. Both perspectives have helped shape the institutions' biodiversity related policies. The identification of the biodiversity problem by the natural sciences generated the political support for the

adoption of biodiversity-related policies by the World Bank and for the establishment of the GEF. The emphasis of the policies on the participation of local people in the design and implementation of projects indicates a shift away from pure conservation biology to include findings obtained by social science studies which view biodiversity conservation as a social process.

The natural science perspective embraces biodiversity as an all-encompassing concept whose reach extends from the tiniest micro-organism to the earth's atmosphere. Although scientific uncertainties remain with regard to estimating species loss, natural scientists have identified the problem of biodiversity loss by mostly focusing on tropical moist forests which are widely held to be the most biologically diverse terrestrial habitats (Groombridge 1994). Correspondingly, the loss of these habitats through deforestation or forest degradation is considered to be one of the most important conservation problems today.

The causes of biodiversity loss are linked to both global economic forces and to local social forces and have to be addressed at different levels. Purely technical solutions to biodiversity conservation which focus on ex-situ collections of genetic materials are not feasible for a variety of reasons but especially because only species in the wild can continue to evolve in response to environmental changes. Global agriculture, food security and medicine are likely beneficiaries of in-situ biodiversity conservation.

From a social science perspective, biodiversity is inextricably linked to the livelihoods of local communities and these must be given priority if biodiversity protection is to be successful (Redclift 1987). The concept of sustainable livelihoods is increasingly being placed at the center of the biodiversity conservation debate and adopted by mainstream development thinking. Human ecology thinking takes this a further step by recognizing not only the role of human activities in protecting biodiversity but in helping to create biodiversity in the first place.

Biodiversity is a privileged arena for the observation of the interplay between global and local processes. To the complexities of international financial institutions which are not homogeneous entities but the locus of often contradictory currents, are added the complexities of socio-political, economic and cultural factors in the biodiversity-rich regions of the South. In view of the many possible

approaches to the institutional, political and socio-economic variables that lie at the heart of biodiversity erosion and conservation (Machlis 1992, Blaikie & Jeanrenaud 1997), this study focuses on one small but influential piece of the overall picture: the compliance of the international financial institutions with their own biodiversity-related policies.

The next chapter presents the methodology employed in studying the institutions' compliance with their own policies and describes the analytical tools which help explain the reasons for the convergence or divergence of existing policies from operational practice. This is followed by chapter 4 which provides a more in-depth view of the World Bank and the GEF as well as an introduction to the geographic, political and economic space of Cameroon. The following three chapters cover three distinct operations financed by the institutions in Cameroon. The choice of country fell on Cameroon because both the World Bank and the GEF consider Cameroon to be home to globally important biodiversity.

Ultimately, the analysis of the results of the case studies and the institutions' own internal evaluation reports help generate insights into the necessary conditions under which international financial institutions are likely to adhere to their own policy mandates. Future studies on the effectiveness of development assistance and environmental aid may find these results to be a useful point of departure.

CHAPTER 3

METHODOLOGY AND ANALYTICAL TOOLS

3.1 Introduction

This chapter is divided into two sections. The first section presents the methodologies used throughout the research phase of this study, describing the sources of information and the informal research methods employed in the gathering of information. The section is completed by notes on field research in Cameroon. This research examined the degree of World Bank compliance with its environmental policies during the environmental assessment phase of a proposed oil pipeline. The final section of this chapter describes the analytical tools being employed to explain the conclusions of the case study material and the findings of the World Bank's and GEF's own internal evaluation reports. Tools from political science as well as from the areas of sociology and economics concerned with theory of organization are helpful in explaining the convergence or divergence of policies and operational practice.

3.2 Methodology

A 1995 study on organizational learning analysed the response of thirteen international organizations to environmental challenges and concluded that only the World Bank and the United Nations Environment Program had fully learned to integrate environmental considerations with their traditional responsibilities (Haas & Haas 1995). In the case of the World Bank, the study cites the institution's policy requirement to carry out environmental assessments for all the major projects it funds and its role in the administration of the Global Environment Facility (GEF) as evidence for successful institutional learning. The conclusion of this study is open to challenge because, as Gasper suggests, policies cannot be judged primarily by their good intentions or supposed inherent worthiness regardless of actual performance (Gasper 1996a:160). The number of environmental staff, the availability of funding and policy commitments to

biodiversity conservation have reached unprecedented levels in the international financial institutions. But, as Wade points out, these indicators do not necessarily shed light on actual operations of the institutions (Wade 1997b).

The World Bank's and GEF's environmental literature and its numerous environmental policies convey the idea that environmental considerations are now solidly integrated into the institutions' main work programmes. While the publications and policies may reflect the thinking of sectors within the institutions, they do not necessarily affect the design and implementation of specific programmes financed by the institutions. The World Bank's and the GEF's own internal evaluation reports admit that the institutions are doing a poor job of monitoring the implementation of their own projects and therefore may not record how policies are applied in practice (Global Environment Facility 1994a, World Bank 1995j, Fox & Brown 1998).¹

A further problem is that few independent researchers are monitoring the preparation and implementation of programmes and projects funded by the international financial institutions. It is this lacuna that the present research helps to fill. Following Blaikie's suggestion that there must be 'place-based' analysis (Blaikie 1985), this study chooses Cameroon as a specific geographic context in which to examine the World Bank's and the GEF's compliance with their biodiversity-related policies.

The research is facilitated by the author's professional experience in non-governmental organization activities focused on monitoring the environmental debate at the World Bank. This work, which stretches over a decade, also has permitted her to closely follow the evolution of the Global Environment Facility from its pilot phase in the early 1990s through its consolidation following the 1992 United Nations Conference on Environment and Development and to the present. The long-term contacts at the institutions have created a situation where the author had access to numerous World Bank and GEF officials who were willing to share their experiences within the institutions – albeit in a confidential manner. For the same reason, the author was able to review internal World Bank documentation which is rarely made publicly available or found in libraries.

¹ Chapter 8 reviews the World Bank and the GEF's own evaluation efforts in more detail.

A further facilitating factor was the author's previous knowledge of Cameroon and the existence of long-term relationships with non-governmental organizations and researchers in the country (Horta 1991). This combination of factors facilitated the research in Washington, D.C. and in Cameroon and enabled the researcher to gain a more in-depth understanding of the internal dynamics at play in the international financial institutions.

One methodological risk of the present study is that it is limited to only one country. A trade-off had to be made between choosing to study World Bank and GEF policy compliance in several countries or several different types of programmes financed by the institutions in only one country. The latter option was chosen because of the need to cover different types of programmes ranging from World Bank macro-economic policy prescriptions to a GEF-funded project for the management of protected areas. Coverage of this broad spectrum of activities is required in order to gain an understanding of how biodiversity concerns are integrated at different levels. While the risk of limiting the study to one country cannot be completely eliminated, the risk is being mitigated by contrasting the findings of the Cameroon case examples with World Bank and GEF evaluation and quality performance reports which cover the institutions' overall activities. In addition, placing the place-specific results in the broader context of the institutions' own evaluation results may help identify more systemic patterns of internal institutional dynamics.

Another critical argument that can be made is that the success or failure of compliance with World Bank and GEF policies can be attributed to the governments in the project countries. The importance of governmental commitment has been shown to be the major explanatory factor for the success or failure of environmental programmes (Connolly 1996). However, the position taken here is that the responsibility for the implementation of the policies lies with the international financial institutions which are being entrusted with the management of international public financial resources and have the fiduciary responsibility to ensure that the funding is used according to established policies and for the intended purposes.

While there are differences in the organizational structures of the World Bank and the GEF and despite the fact that the former disburses loans and the latter grants, these distinctions matter less than the fact that World Bank loans and GEF

biodiversity investment projects are prepared by the same staff, under the same policy direction and within the same institutional framework. Therefore, as Keohane suggests, the same obstacles to effectiveness that have hamstrung development assistance can be expected with respect to international funding for the environment (Keohane 1996). The case studies as well as the institutions' own evaluation reports may help confirm this expectation.

3.2.1 Sources of Information

Research for this thesis utilized two principal sources of information: written documents and interviews. The main research site is Washington, D.C., where both World Bank headquarters and the Secretariat of the Global Environment Facility (GEF) are located. The other research site is Cameroon including the capital of Yaoundé and villages in the southern and south-eastern forest region. The research was conducted using informal research methods, especially semi-structured interviews.

3.2.2 Documents

The documents being used are from a variety of sources. World Bank documents include both publicly available information (annual reports, policy papers, environmental reports, etc.) as well as internal documents (office memoranda, Memoranda of the President to the Board of Executive Directors, Operations Evaluation Department Reports, Implementation Completion Reports, etc.). Other sources for documents are the Global Environment Facility (project documents, evaluation reports) and the Republic of Cameroon (project documents, environmental assessments). Academic research and conference papers provide complementary information and insights.

3.2.3 Interviews

Those interviewed represent a broad cross-section of officials involved in policy-making and project management in the World Bank's Washington, D.C. headquarters and in the GEF Secretariat. One interview was held with the official in charge of forests and environment in the World Bank's Yaoundé office. In addition to interviews with the institutions' staff and management, interviews were held with officials working at the political level either in the offices of World Bank

Executive Directors or as government representatives to the bi-annual GEF Council meetings.

Interviews in Cameroon were held with government officials, representatives of non-governmental organizations (NGOs) in the capital and in the south-eastern forest region, as well as residents of local villages and members of the Bakola and Baka indigenous communities.

The central purpose of the field research was to gauge the participation of NGOs, local villagers and members of the indigenous communities in the preparation of the environmental assessment of the oil pipeline. In order to achieve a broadly representative picture of NGO views in Cameroon, the interviews in Yaoundé, covered a wide range of different organizations, ranging from large expatriate environmental and humanitarian organizations to the affiliates of African NGO networks and smaller Cameroonian NGOs. More details on the field research component are provided in section 3.3. while maps and research questions are provided in chapter 6.

Academic scholars in the United States, Europe and in Cameroon helped provide additional insights. A complete list of interviews is not produced here due to the confidential nature of many of the interviews held with World Bank and GEF staff in Washington, D.C. . Interestingly, the confidentiality requirement was more pronounced with World Bank and GEF staff in Washington, D.C. than in Cameroon despite the country's restrictions on freedom of expression.

3.2.4 Informal Research Methods

The qualitative nature of the research called for informal social research methods such as non-random sampling and semi-structured interviews. Informal methods are considered to be essential in exploring community attitudes when dealing with a potentially sensitive topic (Nichols 1991). Interviews with World Bank staff often were of a confidential nature and the informality of the approach was essential to obtaining information.

The interviews have been conducted using the following informal research methods: the use of key-informants, individual in-depth interviews and group discussions. Formal survey questionnaires, large samples and statistical analysis would have been time-consuming and costly. Given the nature of the inquiry, quantitative analysis was not necessary to obtain results in this particular area of

research. Instead, questions were individualized for the issue, the organizational affiliation or the interest of the person involved. A semi-structured interview approach was used, which introduced the questions as topics of conversation and left sufficient flexibility for the respondents to express their own attitudes and priorities. In terms of financial cost, speed of delivery of results and depth of perception, social science research has shown that the qualitative research approach using a selection procedure based on the critical judgment of the researcher is superior to an officially conducted random sample survey of a conventional kind (Ward 1993, Nichols 1991).

The methodology used in Cameroon fits into the Participatory Rural (or Urban) Appraisal (PRA) approach, which, by definition, allows for a great variety of methods and techniques in both urban and rural settings to learn directly from local people. An advantage of the approach is that it gets an assessment of the proposed project from the grassroots level. A drawback of the approach is that it represents an intrusion into rural society without any immediate and visible benefit to the community. For this reason, special care was taken to avoid raising false expectations amongst the members of the communities visited. The questions raised with local people were straightforward and simple since the purpose of the PRA was limited to assess the compliance with the World Bank's mandatory policy which requires the participation of locally affected people in the design and execution of an environmental assessment.

PRA and its predecessor, the Rapid Rural Appraisal (RRA) approach, have been described as being like good investigative journalism, involving an imaginative and intelligent use of common sense put to a specified goal (Pratt & Loizos 1992). The PRA and RRA approaches deliberately use different methods of gathering information as a way of cross-checking and of generating a picture of a specific situation and does so in a quick and inexpensive way (Nichols 1991).

Unless done badly, as Robert Chambers puts it, PRA is practical and better for many purposes than alternatives (Chambers 1993). On the other hand, a central problem of the PRA method is that while it provides useful insights on the status quo, it reveals little about the future. This shortcoming is not relevant for the purpose of this research since its emphasis is placed on insights relating to a specific point in time and not on future trends. PRA methods are often used for the analysis of complex situations, such as local income-generation structures and

wealth ranking of local people to identify the poorest among them, whose results are then used to develop frameworks for participatory planning and the design of development projects based on local priorities. By comparison, the purpose of the present research addresses a problem that is of a relatively simple and straightforward nature and therefore can avoid sensitive social or gender related matters in complex local situations. The questions asked concerned local people's knowledge of and participation in the environmental impact assessment study for the proposed oil pipeline project.

The method chosen is one of non-random sampling where the selection is based on the researcher's judgment. This method, which is also known as purposive sampling, carries the risk of producing a significant bias. The research has tried to address this risk by including interviews with national and local government representatives and by systematically surveying the opinions of non-governmental organizations in Cameroon which are active in the areas of development and environment. These range from small advocacy groups to large NGO organizations, which are often members of extensive African NGO networks, to the field offices of expatriate NGOs. The phase of research in a rural setting was facilitated by the guidance and experience of Cameroonian NGOs. Through contact with the researcher, these NGOs developed an interest in the research subject for use in their own activities related to promoting environmental and social safeguards in the context of the proposed project.

The semi-structured interview approach provided the flexibility of adapting to the different cultural settings of the respondents, which included government officials, members of the NGO-community, villagers and semi-nomadic forest people. An unstructured interview approach might not have led to clear responses on the basic questions that needed to be addressed. A fully structured interview, on the other hand, might have been seen as too official and in the rural areas would have raised suspicions about being government-related.

3.3 Notes on Field Research Concerning the Proposed Oil Pipeline

Field research on World Bank compliance with its own mandatory environmental policies was carried out in the context of the proposed oil pipeline project. Details on the field research, including maps and a check list of questions, are provided in chapter 6. The listing of the groups of respondents (Fig. 3.1)

provides an overview of the different interview settings while the following sections on the individual groups identify some of the possible drawbacks of the interview situations. However, since the questions were simple (*e.g.* Have you heard about a planned pipeline project?) and did not represent an interference with sensitive issues of local people's lives, the interviews did not pose problems despite the cultural differences amongst the respondents and the need for multiple translation. The interview situation was open and people could raise issues they cared about if they so chose (*e.g.* will the revenues from the pipeline be distributed fairly?).

Representatives of NGO Community
• National Environmental and Development NGOs
• Environmental and Development NGOs led by Expatriate Staff
Groups of Local Villagers
• Bwambe Village (on the coast near Kribi)
• Eboudja Village (on the coast near Kribi)
• Lomié (small town in the south-eastern forest region)
Forest-Dwellers (Baka and Bakola People)
• Bakola Camp (two hours upstream from the Lobé River)
• Bakola Settlements along the Lolodorf-Kribi Road
• Baka living near IUCN-Ecodevelopment Project (Lomié)

Fig. 3.1 Groups of Respondents

3.3.1 Representatives of the NGO-Community

The individual and in-depth interviews with leaders of the NGO community in Cameroon were a critical component of the research. The research efforts covered the broadest possible spectrum of NGOs in Cameroon in order to ensure the representativity of the interviews being conducted. The NGOs ranged from large international environmental and social NGO networks (such as WWF and Care) and African development NGO networks (such as Sild and Inades) to smaller national NGOs (such as the Center for Environment and Development and African Forest Action Network). While the representativity of NGOs is always a

question open to debate, the comprehensiveness of the effort to cover a broad range of NGOs, including most of the major NGO networks and NGOs present in Cameroon, helped ensure that the interview results were representative of NGO experience concerning the oil pipeline project.

NGOs are often used to facilitate the contact between donor agencies and rural people. Given the World Bank's policy mandate to consult with locally affected people during the environmental assessment process, it would have been likely that the World Bank, or its proxies, *i.e.* the Government of Cameroon and the private sector (EXXON, Shell, ELF in the case of the pipeline project), would have made use of the broad and wide-spread presence of the NGO community in rural areas to inform and consult with local people and solicit their input. Interviewing representatives of the very diverse Cameroonian NGO community was facilitated by the fact that the researcher was known to many of them for a period of several years and a basis of trust existed already. There were no language problems both in a literal and conceptual sense. Communication was mainly in French, except for interviews with Anglophone NGOs, and the concepts being dealt with (*e.g.* what is an environmental impact assessment?) were equally familiar to the interviewer and the respondents. Some of the NGOs developed a keen interest in the research topic as a way of obtaining more information on the potential environmental and social impacts of the oil pipeline. Their assistance was a vital aspect of field visits since they speak local languages and are known to at least some people in the local villages. Despite the fact that the initial environmental assessment had been completed, NGO-interviews revealed that the NGOs did not know the routing of the pipeline with any degree of precision except for the fact that it would enter the ocean at or near Kribi. This is why we chose villages near Kribi, where the oil pipeline and its marine facilities were likely to have direct impacts, as the sites for study.

3.3.2 Groups of Villagers

Given the possibility, even if remote, that the NGOs had been by-passed, it was important to include interviews with people in an area known to be affected by a major infrastructure project (the oil pipeline in this case). Since interviewing members of local communities represents an intrusion into rural society without any immediate and visible benefit to them (Bulmer, M. 1993), much care was put

into introducing the purpose of the visit and to ensure that the presence of outsiders would not raise false expectations (Hershfield et al. 1993).

Two villages (Eboudja and Bwambe) near the town of Kribi were chosen for interviews with local people because of their proximity to the marine terminal of the oil pipeline. During the first phase of the field research before the approximate routing of the pipeline was known, the small town of Lomié was included in the local interview as well. The people interviewed were not chosen according to particular criteria, but were the people who were present in the villages at the time of the research visits. They included a group of elders, as well as youth and individual women and men.

The cooperation of Cameroonian NGOs was critical. An initial important point of clarification was to explain that the research group did not work for the government which, in the regions visited, is looked at with reserve and suspicion. After a warm-up period, the respondents seemed to be glad about the visit and to see the interview as an opportunity to express their opinions and make their voices heard. Only part of the conversation/interview was in French, another part of it was in the local Bantu language and was translated for the researcher by the Cameroonian NGO representatives.

3.3.3 Bakola People and Baka People

The Bakola people, who live in Cameroon's coastal forest area where the pipeline is to enter the ocean, and the Baka people of the country's south-eastern forests, are often referred to as Pygmies. However, they feel that this term is derogatory and prefer to be called by their proper ethnic names. Both are semi-nomadic peoples who spend part of the year in the forest in traditional hunting and gathering activities. During the dry season they often settle along the dirt roads that pass through forest areas near Bantu villages.

Interviewing the Bakola and Baka people presents a special challenge for a variety of reasons. However, the relative simplicity of the basic research questions allowed for simple responses. A more complicated form of inquiry could not have been carried out with the research tools being used as it would have required considerable knowledge of local culture and language.

During the first phase of the field research, prior to the release of the environmental assessment, the situation of the Baka in relation to the pipeline was

uncertain since the exact routing of the pipeline was not known. However, since some NGOs were concerned that the pipeline might pass near the Dja Wildelfe Reserve, the first phase of the field research included interviews with Baka people in the Lomié region. Some of the younger members of the community spoke basic French as a result of some irregular attendance at local missionary schools. The first group of Bakola interviewed was chosen on the basis of their geographic proximity to the potential routing of the oil pipeline. The group was temporarily living in a forest camp in the wider Kribi area. The camp was located about two hours by canoe upstream of the mouth of the Lobé River on the Kribi coast. Local Bantu youth from a village near Kribi facilitated both the transportation and the translation from the Bakola language into a Bantu language from which it was translated into French.

The second phase of the field research was carried out after the release of the environmental impact assessment which described the routing of the pipeline. The environmental assessment also confirmed Kribi as the site of the marine terminal of the pipeline from where the oil is to be pumped to an off-shore loading vessel. As a result of that information, interviews were carried out with Bakola people living in small settlements along the Lolodorf-Bipindi-Kribi dirt road which runs parallel to the proposed oil pipeline.

The researcher was aware of the ambivalent relationship between the Bantu villagers and the Baka and Bakola people. In general, Bantu villagers consider the forest-dwellers as very backward and in need of being 'civilized' before they can become members of rural Bantu society. On the other hand, they admire the courage of the Baka and Bakola because they live in the forest, which the Bantu consider to be dangerous. In addition, the Bantu rely on the Baka and Bakola knowledge of medicinal plants for their healthcare needs.

Since the cultural and social divides between the Baka and Bakola and their Bantu neighbors needed to be taken into account and problems of conceptual equivalence were to be expected, the author was aware of the potential dangers of 'cultural mis-hearing' or interpretation of responses in the translator's (or interviewer's) own socio-cognitive framework. As a result, the researcher observed and listened to the exchanges in a way that has been described as "lateral hearing", which includes a close observation of the interaction (gestures, tone of voice and attitude) between the Bantu facilitators/ translators and the Bakola people. Mitchel

and Slim describe “lateral hearing” as a situation where the content of what is being said is not necessarily reflected in the literal meaning of the words (Mitchell & Slim 1990).

3.4 Analytical Tools

The section above presents the methodology being used in gathering information for the overall research and the case studies presented in this thesis. Once the case studies are completed and their results contrasted with the institutions’ own internal evaluation reports, analytical tools provided by two areas of study may be useful to explain the findings. The two areas of study derive from Ascher’s characterization of the paradox of international financial institutions as being creatures of states as well as full-blown bureaucracies in their own right (Ascher 1983). They are political science, in particular its neo-realist perspective, and the areas of sociology and economics concerned with theory of organization.

3.4.1 Political Science Perspectives

Political science offers two competing theories of international organizations:

- (1) the institutional perspective states that international organizations help to reduce the role of the nation-state and foster inter-dependence and exchange;
- (2) the realist perspective states that international organizations are only effective if nation-states view them as advancing their own interests.

The institutional perspective holds little explanatory power for international financial institutions because of the considerable influence exercised by the principal donor governments and because the institution’s governing structures are a reflection of the distribution of power of its member states. The most powerful member states not only provide the financial resources for the institutions, they are also largely responsible for determining the institutions’ policy framework.

The realist perspective of political science has the most explanatory power for an understanding of the international financial institutions. The distribution of power in the voting structure of the Executive Board of the World Bank and, in a modified fashion, in the GEF Council is based on voting shares which are proportional to a country’s financial contribution to the institutions.

As a result of pressure from political constituencies in donor countries, the governments of these countries worked for and succeeded in placing the environment and biodiversity at the top of the agenda of the international financial institutions. Yet while the most powerful government members of the institutions are responsible for the adoption of environmental and social policies and the flows of funding that come with it, what about the practical implementation of these policies?² Are the most powerful shareholding governments minding the store? If not, how is the bureaucracy handling the environmental policy mandates in practice?

According to Ascher, limiting the analysis of international financial institutions to the interests of their main shareholding governments is inadequate since the institutions have developed into full-blown bureaucracies with their own institutional goals and autonomous space to pursue these goals (Ascher 1983). The bureaucracy itself has to be examined because it is an actor with objectives and approaches that are not simply the vector of interests of its member states (Wade 1997a).

3.4.2 Theory of Organization Perspectives

The area of sociology concerned with theory of organization provides useful tools for analysing the workings of bureaucracies. Max Weber, bureaucracy's best known theoretician, defines bureaucracies as being at the center of the modernization process in which nature and society become objects of administration and management (Beetham 1996). The World Bank's development mission and the GEF's goal of spreading protection of the global environment to developing countries are motors of a 'modernization process', where nature is considered to consist of natural resources and society becomes human capital.

While Weber's theories have limited usefulness in a world which has undergone profound changes since he first developed them, his definitions remain useful frames of reference. For example, he defines bureaucrats as being subject to higher authority while involved in exercising authority themselves (Beetham 1996). The definition fits the profile of officials at the international financial institutions. On the one hand they are subject to the authority of the institutions'

² Chapter 4 examines in detail the political pressure which has led to the prioritisation of the environmental/ biodiversity agenda in the mandate of the international financial institutions.

shareholding governments, on the other they enjoy broad discretionary power in deciding about funding priorities and large-scale international financial flows. Weber also defines bureaucracies as non-market organizations which are financed by grants and in which decision-makers are largely insulated from the consequences of their actions (Beetham 1996). Again, this definition is applicable to the World Bank and the GEF which are financed both by outright grants and, in the case of the World Bank's non-concessional lending, by grant-like collateral provided by donor countries against which the institution can borrow on private capital markets. Officials of the institutions are not subject to sanctions in case of ill-conceived projects and programs. In addition, given the World Bank's preferred creditor status with its client governments, its loans are repaid irrespective of the success or failure of the projects financed by these loans. Since GEF funding consists mostly of grants, the repayment question does not pose itself.

This brief description of international financial institutions as bureaucracies in the Weberian sense is to emphasize the importance of paying attention to the internal dynamics of the institutions themselves. Blaikie makes a similar point when he emphasizes that development agents are subject to analysis too, because they are part of the solution as well as of the problem (Blaikie 1995b).

In recent years, the World Bank, and subsequently the GEF, have recognized that 'institutions do matter' (Gray et al. 1990). In its analytical work, the World Bank emphasizes the critical role of institutions and establishes positive correlations between institutional development and the success and sustainability of development projects (World Bank 1994e). According to the head of the World Bank's Operations Evaluation Department (OED), Robert Picciotto, "...policy is useless without an institutional machinery capable of implementing it" (Picciotto 1995: 18).

The revived interest in institutions has led to the creation of a discipline named New Institutional Economics (NIE), which extends the scope of economics to include an exploration of 'opportunism', rationally self-interested behaviour and uncertainty in development theory. NIE challenges the prevalent economic orthodoxy of the past decade which focuses on market forces and economic growth as the central forces while neglecting the role of institutions, and has stepped in to develop a theory of appropriate institutional change (Harris et al. 1995, Toye 1995).

The acknowledgement of the critical importance of responsible and accountable public institutions is focused on institutional development in developing countries (Toye 1995). It seems, however, appropriate to apply some of the theoretical thinking being used to understand institutions in developing countries to the international financial institutions themselves.

The public choice approach of theory of organization, which is important to NIE, holds that international organizations cannot be assumed to be rational entities always acting in the public interest (Vaubel 1991). This approach views international organizations as self-interested entities which try to maximize their power in terms of budget size, staff and freedom of discretion. A similar view is taken by the Open System Perspective of Organization Theory which emphasizes that the fundamental goals of an international organization, such as its survival, control over resources and decision-making authority, may be divorced from the objectives, or the value allocation, for which the organization was created (Le Pestre 1986).

In addition, theories of organization also distinguish between (1) organizational adaptation and (2) organizational learning (Fiol & Lyles 1985). Organizational adaptation occurs when new pressures or incentives lead to adjustments without changing the institutions' underlying goals and priorities. Organizational learning, on the other hand, leads to changes brought about by the adoption of qualitatively new objectives and priorities. How can we evaluate if institutions are learning or merely adapting? One possible way is to look at how effective the institutions are in complying with their own policies.

Overview of Some Theory of Organization Perspectives

- NIE - Public Choice Approach: Institutions seen as self-interested entities
- Open System Perspective of Organization Theory:
Organizational Goals vs. Value Allocation
- Institutional Adaptation vs. Institutional Learning

Fig 3.2 Overview of Theory of Organization Perspectives

3.5 Summary

The core question of this thesis analyses the compliance of the international financial institutions with their own biodiversity-related policies. The first part of

this chapter describes the methodologies used in the research presented in this thesis. It provides details on the sources of information, which cover a wide range of both publicly available and internal documents, as well as semi-structured interviews. The qualitative nature of the research called for the use of informal research methods. The author's previous professional experience with regards to environmental policy at the World Bank and the GEF as well as her previous knowledge of the country of Cameroon facilitated the research being undertaken in both Washington, D.C. and in Cameroon.

The second section describes the analytical tools borrowed from the political science and the theory of organization perspectives which are employed to explain the conclusions of the case studies and the findings obtained from contrasting them with the results of the institutions' own internal evaluation reports. Since international financial institutions are simultaneously governed by their member states and ruled by their own internal dynamics, analytical thinking from the realist perspective of political science and the areas of sociology and economics concerned with theory of organization are helpful in explaining the convergence or divergence of established policies and the institutions' operational practice.

CHAPTER 4

THE BROAD RESEARCH LANDSCAPE: THE INSTITUTIONS AND THE COUNTRY

4.1 Introduction

The literature review (chapter 2) provides an outline of the field of political ecology thinking and critical development theory before delving into the literature which covers the multiple views on biodiversity from the natural and social science perspectives. Chapter 3 addressed questions of methodology and analytical tools.

The objective of this chapter is to provide concise background information and analysis on the two spaces in which the research for this thesis takes place. The principal space of research consists of two multilateral financial institutions, the World Bank and the Global Environment Facility (GEF), both of which are located in the same sprawl of office buildings in downtown Washington, D.C. only a five-minute ride away from the White House, the executive seat of power of the institutions' principal shareholder. The second space of research is the concrete political, socio-economic and environmental country context of Cameroon in which the compliance of the two international financial institutions with their own policies as they relate to biodiversity is being examined.

In order to understand how the policies and operational guidelines of these institutions are applied in a concrete geographic context, two choices had to be made. The first choice relates to selecting a specific policy area. The choice fell on biodiversity conservation because of its high profile in both the World Bank and the GEF and because it encompasses a variety of environmental, social, economic- and political policy issues (chapter 2). The selection of biodiversity protection as the policy theme helped narrow down the second choice concerning the selection of a specific geographic and political space. Cameroon was chosen as this space because the World Bank and the GEF consider the country to be the site of globally important biodiversity and both institutions are promoting programmes in the country which have direct as well as indirect impacts on biodiversity.

The first two sections of this chapter provide an overview of the institutions both of which occupy strategic positions in the international system. While the World Bank has positioned itself as the central multilateral institution in the

development field, the GEF has carved out its niche as the world's most significant source of funding for projects intended to address global environmental problems.

The third section describes the political environment, as well as socio-economic developments in Cameroon as they are reflected in World Bank reports. The final section provides information on the country's biodiversity from the point of view of the scientific and donor communities.

The monographic nature of this chapter serves as background for the case studies presented in chapters 5, 6 and 7. The interface of the two distinct spaces of research that are being portrayed here, *i.e.* the area where policy meets praxis, generates insights about the functioning of the multilateral financial institutions. The goal is to help define the characteristics required of global power structures that can mediate between global and local levels and thereby render such structures more accountable to their constituencies at different geographic scales (Harvey 1996).

4.2 The World Bank

The International Bank for Reconstruction and Development (IBRD), more commonly known as the World Bank, was established in 1944 as one of the pillars of the post-World War II international financial architecture. It was created together with its sister organization, the International Monetary Fund (IMF), and both organizations are frequently referred to as the Bretton Woods Institutions, named after the small New Hampshire (U.S.) town where their founding conference took place.¹ The World Bank was to be the primary lender for post-war European reconstruction, while the IMF was to improve international monetary arrangements and assist countries facing balance-of-payments problems with policy advice and finance (Helleiner et al. 1983). Neither institution achieved primacy in the role for which it was initially created. The Marshall Plan was the leading financier in the rebuilding of Europe, while international economic coordination has largely been the task of the leading industrial powers which meet

¹ A third pillar of the post World War II financial architecture consisted of plans to create an international trade organization. At the Bretton Woods conference governments established the General Agreement on Tariffs and Trade (GATT), a set of rules for the trade of goods. GATT only found an institutional home in 1995 with the founding of the World Trade Organization

as the Group of Seven (G7) or in recent years, with the inclusion of Russia, as the Group of Eight (G8).

Both the World Bank and the IMF grew into roles not easily conceivable in 1944 when European powers were still trying to keep a tight grip over their colonial empires in Asia and Africa. It was only when Latin American countries and an increasing number of newly independent states became clients of the Bretton Institutions that their role gained its present shape. While the focus here is on the World Bank, it is important to keep in mind that the institutions do not work in isolation from one another. When the IMF rescue packages for the troubled Asian and Russian economies came under harsh media criticism in the autumn of 1998, World Bank statements tried to distance the institution from the IMF by emphasizing its role in promoting long-term sustainable development as opposed to the IMF's short-term focus on providing balance-of-payments support.² In practice, however, the division of labour between the two institutions has become blurred over time with a large percentage of World Bank lending dedicated to fast disbursing loans which are intended to promote economic policy reforms. In addition, membership in the World Bank is only open to countries which are members of the IMF and World Bank lending is usually conditional on a country having signed an agreement with the IMF (World Bank 1989a).

4.2.1 Institutional Bipolarity

As the first "Multilateral Development Bank" in a world governed by nation-states, the World Bank is a public sector institution which is owned by national governments. It is, however, subject to bi-polar tension between its government shareholders and its bureaucratic structure. This bipolarity has been described as the institution's fundamental paradox (Ascher 1983). As an international financial institution, the World Bank is both the creature of its government shareholders and a full-blown bureaucracy in its own right. As a bureaucracy it is not a simple mirror-reflection of its main shareholders because a variety of organizational and professional norms have become ingrained in the bureaucratic structure which may render it distinct from the interests of the participating nation-states (Ascher 1983).

² See, for example, the Financial Times of 12 October 1998 "Wolfensohn faces test of strategy."

Unlike the United Nations General Assembly, the constitution for which was drawn up in 1945 and holds that all states are equal, independent of power and size, the World Bank's founding in the previous year is rooted in political realism. Although, the World Bank is registered as a specialized United Nations agency, its relationship with the United Nations system is tenuous. World Bank management does not answer to the United Nations and the institution's budget is not included in the United Nations' budget (Hancock 1989). A further significant distinction between the World Bank and United Nations agencies is their different status of power because World Bank advice, unlike that of most U.N. agencies, is accompanied by significant financial flows (Kapur et al. 1997).

At the onset, the establishment of the World Bank is an illustrative example of the neo-realist perspective of political science which holds that international organizations are an instrument of the interests of their most powerful state members. Ownership shares in the World Bank are based on a country's financial commitments to the institution. Together, the largest industrial countries (Group of Seven) own about 45% of the shares. As a matter of rule, the physical location of the World Bank is in its largest shareholding country, the United States, which also has the right to appoint the institution's president. In addition, with about 17% of the shares, the United States has the power to veto any changes in the Bank's capital base and its Articles of Agreements since 85% of the shares are needed to effect such changes (World Bank 1994d).

Under the Bank's Articles of Agreement, the powers of the Bank are vested in a board of governors (World Bank 1989a). While each member country has the right to appoint one governor to the Board (usually the member's finance minister), day-to-day management of the World Bank is vested in its Board of Executive Directors, which is permanently in session at the Bank's headquarters. As provided in the Articles of Agreement, five of the World Bank's twenty-four executive directors are appointed by the governments with the largest number of ownership shares (the United States, Japan, Germany, the United Kingdom and France). The remaining Board members are elected by the other member governments which form constituencies (The World Bank 1996f).

The governance structure, dominated by the United States and other OECD countries, is important in determining which new issues the World Bank takes on board and as such is critical to understanding how biodiversity concerns have

become integral to the World Bank's development discourse. The World Bank's Board of Executive Directors approved the institution's biodiversity-related policies and is responsible for overseeing their implementation in Bank-financed operations.

However, as a World Bank-commissioned history of the institution's first fifty years indicates, tensions over the balance-of-power between the shareholders and the top layer of the institution's bureaucracy are a hallmark of the institution (Kapur et al. 1997).

The World Bank's institutional structure fits neatly into the distinction that Max Weber has drawn between a bureaucracy, which consists of administrative staff, and the corporate group, i.e. the government members in this case, which employs the administrative staff to carry out its policies (Beetham 1996). A central characteristic of the bureaucratic staff is that it is both subject to higher authority and involved in exercising authority itself. The bureaucracy may have its own power derived from control of information, informal networks or expertise which can be used to modify, delay or even obstruct policy mandates from its governing body (Kramer 1983, Beetham 1996).

Early on, World Bank presidents sought independence from interference by Bank shareholders in its day-to-day business. In what is being described as a pro-management tilt, World Bank management was able, in 1947, to impose an agreement on its Executive Board that blocked the Board from taking operational initiatives (Kapur et al. 1997). This meant that all loan proposals had to come from World Bank management and not from Board members.

Management autonomy grew until the establishment in 1960 of the International Development Association (IDA),³ the World Bank's "soft loan affiliate" for low income countries. While both IBRD and IDA loans are managed by the same staff, approved by the same Board and subject to the same policies, the

³ Since the establishment of IDA in 1960, the designation "the World Bank" covers both IBRD, the institution's largest and regular lending window, and IDA, the concessional lending window for low-income countries which usually lack creditworthiness for IBRD borrowing. Both IBRD and IDA lending are managed by the same staff, and are subject to the same rules and policies. In addition to IBRD and IDA, the World Bank Group comprises the International Finance Corporation (IFC), the institution's branch which lends or provides equity capital directly to the private sector, and the Multilateral Investment Guarantee Agency (MIGA), which provides non-commercial investment risk insurance to promote private investment. In addition, the World Bank Group includes a less well known conciliation and arbitration service, the International Centre for Settlement of Investment Disputes (ICSID) to help settle disputes between foreign investors and client governments.

sources of their financing are very different (Hancock 1989). The financial resources for IBRD's lending on near-commercial terms are largely raised through the sale of bonds on international capital markets, which is made possible because of the guarantees provided by the World Bank's largest donor country members. The concessional IDA funding, which is interest-free and whose repayment of principal can be stretched out over up to fifty years, comes directly out of the aid budgets of national governments (World Bank 1994d). IBRD accounts for about three-fourths of World Bank lending (World Bank 1998a),⁴ but the establishment of the much smaller IDA lending window increased the number of clients by including countries that are considered to be too poor to qualify for IBRD financing on near-market terms. Lending to such countries on IBRD-terms could have endangered IBRD's creditworthiness on international capital markets (Kapur et al. 1997).

However, while IDA offered the advantage of augmenting the World Bank's membership base, it also limited the autonomy of World Bank management. Since IDA funds come directly out of national budgets, which have to be approved by national parliaments, the possibilities for interference of donor governments in Bank management increased vastly. The United States Congress in particular has imposed environmental and other conditions on the U.S. contributions to IDA (Rich 1994, Caufield 1996, Wade 1997b). World Bank managers are especially preoccupied with seeking autonomy from the United States executive branch (U.S. Treasury Department) and micro-management by the U.S. Congress (Kapur et al. 1997).⁵

In its search for autonomy, the World Bank emphasizes its role as a provider of technical expertise, much of which was provided early on by field seasoned specialists who had previously worked for the colonial regimes in Africa and Asia and who had become available as more countries became independent (Kapur et al. 1997: 8). The institution's emphasis on investing in physical assets such as dams and roads required this type of technical expertise, which was supplemented by a growing number of economists and financial experts in

⁴ In fiscal year 1998, IBRD financial commitments were about US \$ 21.5 billion, while IDA's loan commitments were about US \$ 7.5 billion (World Bank 1998a).

⁵ Unlike the model of parliamentary democracies in Europe, the U.S. Congress enjoys greater power in determining the use of public funds and thereby is able to play a large role in defining U.S. policies with regards to the World Bank and the other multilateral lending institutions.

connection with the 1980s debt crisis when structural adjustment programmes started forming a growing share of World Bank activities (World Bank 1994a).

Choosing a technical approach, World Bank management sought to carve out greater autonomy from member countries (Kapur et al.1997). Unlike United Nations agencies, the World Bank is less pressured to hire staff according to country quotas, thereby enabling it to recruit on the basis of a certain set of professional qualifications. This enabled the institution to create a more homogenizing environment (Kapur et al. 1997). Although the staff is multinational, its professional training in economics, finance and other technical issues is very homogeneous with a preponderance of United States or United Kingdom-trained experts in economics and finance (Miller-Adams 1996).

A further characteristic of the World Bank is that its mandate is to follow an apolitical agenda. Its Articles of Agreement prohibit the institution from considering political aspects of its member countries and emphasize that the institution has to exclusively rely on economic considerations for decision-making (World Bank 1989a:13). Consistent with this rule, World Bank publications insist that the institution's efforts in the area of "governance" exclude political dimensions and are limited to the economic and social aspects of governance (World Bank 1994e). The semantic effort which has been made to limit the definition of governance and to construe World Bank activities in narrow and apolitical terms is at odds with the thesis that all ecological (or development projects) are simultaneously political-economic projects and vice-versa (Harvey 1996:182). The case studies of World Bank/ GEF programmes in Cameroon shed light on the pitfalls and dangers for environmental policy implementation when little attention is being paid to the political dimensions of governance.

4.2.2 Growth of the Environmental Agenda

In a seminal speech in 1987, then World Bank president Barber B. Conable declared that with regards to the environment "If the World Bank has been a problem in the past, it can and will be a strong force in finding solutions for the future."⁶ On the same occasion, he announced the creation of a top-level Environment Department as well as four regional technical departments to

⁶ Address by Barber B. Conable, President of the World Bank and the International Finance Corporation, to the World Resources Institute, 5 May 1987, Washington, D.C.

integrate environmental considerations into all the World Bank's lending and policy activities. In Conable's words, the World Bank had recognized that "sound ecology is good economics" and that poverty alleviation and environmental protection are mutually reinforcing.⁷ This line of thought was subsequently endorsed by the Joint Ministerial Committee of the World Bank and the IMF, known as the Development Committee, which emphasized that governments and international institutions should not address environmental issues in isolation but consider them as being central to the formulation of development policy (Joint Ministerial Committee 1987:5).

However, prior to the establishment of the Environment Department in 1987, the World Bank had already shown some preoccupation with the damage that economic development can do to the environment. In 1970, under then-World Bank President Robert McNamara, the World Bank was the first international institution to create the post of environmental adviser, which was subsequently organized into an Office of Environmental Affairs (Wade 1997b).⁸ The external political context of this initiative was characterized by growing environmental awareness in some of the Bank's principal shareholding countries as exemplified by the passage of the National Environmental Policy Act (NEPA) in the United States in 1969, which required U.S. government agencies to carry out environmental impact assessments for all public investment projects with possible environmental risks. Furthermore, preparations for the first United Nations conference on the Human Environment, which took place in Stockholm in 1972, were fully underway. In his address to the Stockholm conference, World Bank President McNamara referred to environmental problems as being an important consideration for developing countries. In addition, several of the World Bank's Executive Directors, namely those from the United States, Scandinavia and Canada, supported McNamara's plans to screen World Bank-funded projects for their environmental impacts (Wade 1997b).

However, in those early days these concerns played no role in the selection and design of projects or in the Bank's decision-making processes (Le Pestre

⁷ *ibid.*

⁸ For the most complete history of the World Bank's engagement with the environment, see Robert Wade's chapter "Greening the Bank: The Struggle over the Environment" in the World Bank-commissioned two-volume study of its first fifty years of history, *The World Bank - Its First Half Century*, edited by Kapur et al. and published in 1997.

1989). The Office of Environmental Affairs⁹ grew to a staff of five by the mid-1980s but given the growing amount of Bank lending, the staffing level was inadequate to serve its function of screening World Bank investments. Furthermore, the small environmental staff had no capacity to address environmental management questions in a more comprehensive fashion (Turnham 1991). World Bank annual lending exceeded U.S. \$ 15 billion by 1986 and since Bank-financing usually only covers about 50% of total project cost while average implementation time is four years, the Bank's total investment portfolio had reached an estimated \$ 100 billion of projects under implementation at that time (Turnham 1991). The varied and often complex environmental impacts of its projects that included large dams, forestry, water development, mining and agriculture, could not but exceed the capacities of the small expert staff.

Overall, the Office of Environmental Affairs remained marginal within the institution, understaffed, underfunded and subject to hostility from operational departments which did not want to see their projects delayed or costs increased as a result of environmental screening (Wade 1997b). In addition, World Bank Management sent no signals to operational staff to encourage them to include the environment on the agenda in discussions with the borrower governments (Turnham 1991).

The Office of Environmental Affairs had only the most tenuous influence on World Bank-financed projects, especially in the area of natural resource management. Projects in this area, such as agriculture and forestry projects, lend themselves less easily to readily prescribed solutions than projects involving industrial pollution control. Despite the weak influence of the Office of Environmental Affairs, the institution's environmental agenda expanded to include issues of involuntary resettlement and indigenous peoples. Policy statements for both areas were then being formulated.¹⁰

⁹ With the integration of the World Bank's science and technology adviser into the Office of Environmental Affairs, the office was renamed in 1983 to become the Office of Environmental and Scientific Affairs (Le Pestre 1989).

¹⁰ The World Bank's 1982 paper "Tribal Peoples and Economic Development - Human Ecologic Considerations" recognizes that World Bank-assisted projects are increasingly directed to remote rural areas which often are the home of tribal peoples. The paper represents a broad policy statement committing the World Bank to only finance projects in these areas after it is satisfied that best efforts have been made to obtain the voluntary, full and conscionable agreement of the concerned tribal people and that project design and implementation are appropriate to their special needs and wishes (World Bank 1982).

From its modest beginnings with five environmental experts on World Bank staff in the mid-1980s, the institution's environmental capacity grew to about three hundred high-level staff and long-term consultants a decade later (World Bank 1994f). Along with the increase of staff, the number of environmental policies expanded greatly since the establishment in 1987 of the Environment Department and the technical environmental divisions in the Bank's operational regions.

Since the earliest days of environmental activities at the World Bank, these efforts played an important public relations function with the goal to counter outside criticism (Turnham 1991, Wade 1997). Throughout the World Bank's history on environmental matters, outside pressure was critical in getting the World Bank to take on the environmental agenda and establish environmental policy guidelines for its operations (Wade 1997, Turnham 1991, Le Prestre 1989, Rich 1994, Caufield 1996).¹¹

Starting in the late 1980s, the United States Congress played an increasingly important role in directing the World Bank's environmental policy mandate by publishing legislation providing policy guidance, establishing voting restrictions for the U.S. Executive Director to the World Bank or threatening to withhold U.S. funding.¹² Coalitions of U.S. environmental and indigenous rights organizations persuaded key Congressional committees to hold a series of hearings beginning in the mid-1980s. These hearings provided the U.S. Congress with the momentum and necessary information to forward precise instructions to the U.S. Treasury Department on how to make U.S. influence felt in the World Bank (Rich 1994, Wade 1997b). One of the better known examples of Congressional intervention is the International Development and Finance Act of 1989, which contains a provision known as the Pelosi Amendment.¹³ This amendment instructs the U.S. Executive Directors to the Multilateral Development Banks not to vote for any action to be undertaken by the institutions which would have significant effect on the human environment unless a complete environmental impact assessment of

¹¹ Interviews with World Bank environmental staff confirm that outside monitoring and advocacy efforts continue to be crucial until today to create the necessary breathing space for internal environmental efforts.

¹² Ian A. Bowles and Cyril F. Kormos provide a detailed account of the activism on part of the U.S. Congress in "Environmental Reform at the World Bank: The Role of The U.S. Congress", *Virginia Journal of International Law*, Vol 35, No. 4, Summer 1995.

¹³ This Act was published in Report 101-271 of the 101st Congress, 1st Session on 6 October 1989.

the proposed action and of alternatives to the proposed action has been made available to the Executive Director at least 120 days in advance of the date of the vote. Furthermore it stipulates that such an assessment and a comprehensive summary have to be made available to other interested federal agencies and to the public.¹⁴ In numerous other pieces of legislation, the U.S. Congress made it clear that a release of U.S. funding for the replenishment of IDA or for General Capital Increases was not automatic. In 1991, it instructed the U.S. Executive Director to demand World Bank procedures which would give NGOs and affected parties access to information on World Bank projects. In the same year, the U.S. Congress withheld twenty-five percent of the U.S. contribution to the World Bank's General Capital Increase pending submission of a report from the Secretary of the U.S. Treasury Department detailing the changes the World Bank had implemented with regards to its energy and forestry lending (Bowles & Kormos 1995).

U.S. laws, such as the Pelosi Amendment, became milestones of World Bank environmental policy-making and public access to information on environmentally risky World Bank projects. Two months before the Pelosi Amendment took effect in October 1991, the World Bank revised its environmental assessment policy to reflect the requirements of the U.S. Congress. Failing to do so would have led the U.S. Executive Director to abstain from voting in the cases of many loans and might ultimately have endangered the institution's access to public funding.

Since the U.S. legislation is not directed at the World Bank itself, but at the U.S. Executive Director and the U.S. Treasury Department, it is not considered to be outright interference in the multilateral character of the institution. As a multilateral body, the World Bank is at liberty to ignore unilateral political action by one of its members (Bowles & Kormos 1995). However, the institution's sense of political realism leads it to avoid a collision course with its principal shareholder, who - especially in the area of environmental protection - can count on the support, even if less outspoken, of some of the other major donor countries, principally Germany and the United Kingdom.¹⁵

¹⁴ Ibid. The law allows for an exception to this rule when disclosure would jeopardize the confidential relationship between the borrower country and the respective bank.

4.2.3 Expanding into the Global Environment

In addition to the establishment of policies to guide overall Bank operations, World Bank lending for environmental projects took off sharply in 1990, turning the institution into the world's single largest financier of environmental projects (fig.4.1). However, beyond investments in environmental projects and environmental screening of regular development projects, World Bank statements emphasize that environmental considerations must be integrated into economic decision-making at all levels and should be reflected in the establishment of policies, regulations and incentives in borrowing countries (World Bank 1989b, World Bank 1995a). In addition to World Bank environmental issue papers and national environmental action plans, all country economic and sector activities were required to take environmental concerns into account (Joint Ministerial Committee 1989).

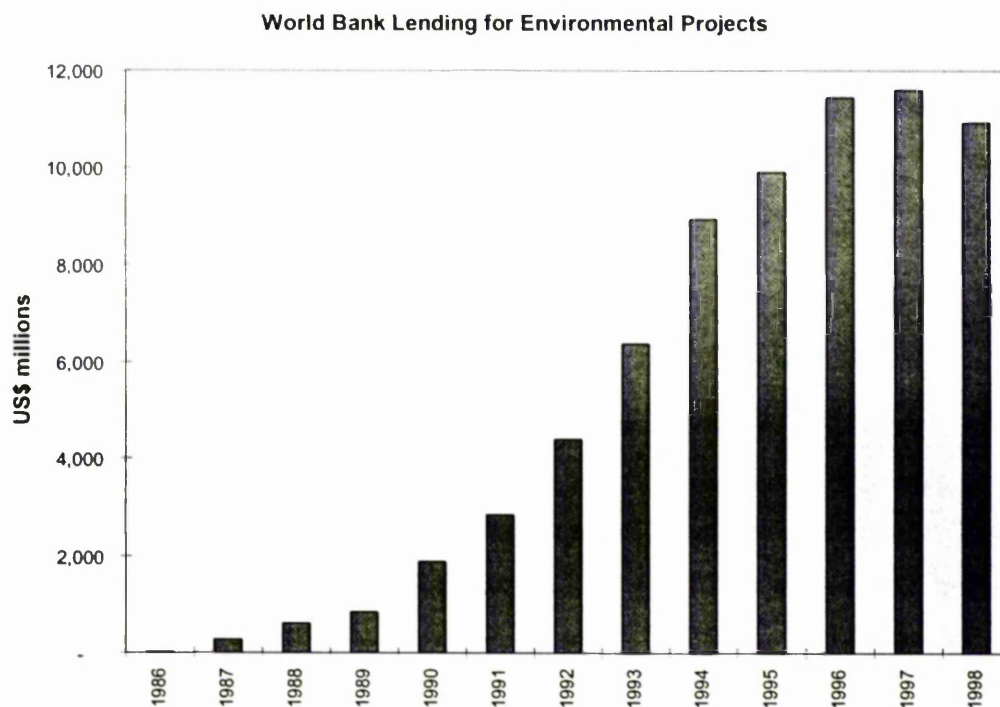


Fig. 4.1 World Bank Lending for Environmental Project

Source: World Bank 1998a

¹⁵ Interviews with former U.S. Executive Director Patrick E. Coady and current U.S. Executive Director Jan Piercy.

The integration of environmental considerations "up-stream" from specific projects and into overall economic decision-making became known as "mainstreaming". In 1995, in addition to dedicating its annual environment report to "Mainstreaming the Environment", the World Bank published its strategy paper on mainstreaming biodiversity in development. This strategy paper is based on the acknowledgment that the conservation of biodiversity depends to a large degree on how well policies and programmes in the economic sectors address biodiversity (World Bank 1995a). The mainstreaming goal is reiterated in numerous World Bank publications, including in its 1998 annual report which states that "Helping countries improve environmental management capacity and mainstream sustainability principles into their development programs is at the core of the Bank's business" (World Bank 1998a:77).

The World Bank's three-pronged approach to the environment (Fig. 4.2) is being complemented by plans for a new dimension which would encompass the environment on a global scale outside the somewhat narrow confines of the GEF. In addition to playing the leading role in the Global Environment Facility (GEF), the World Bank is positioning itself to be a major actor in the management of the global environment in the future. A 1997 internal strategy document states "... the global environment must be regarded as a core business for the Bank Group and managed accordingly" (World Bank 1997d:iii). The document emphasizes that global environmental problems, such as climate change and biodiversity loss, are threatening the goal of meeting basic human needs in vulnerable developing countries. Since the Bank's primary objective is poverty alleviation, the document states that it must address these global problems, especially since the populations most vulnerable to a deterioration of the global environment reside in the Bank's client countries, *i.e.* the developing countries (World Bank 1997d). How exactly the World Bank intends to play this role has not been established. Initial signs are that the institution is undertaking preparations to offer itself as the manager for the Clean Development Mechanism, a process launched by the Kyoto Climate Protocol, to serve as a brokerage for the international trading of greenhouse gas emissions.¹⁶

¹⁶ Interviews with staff in the Environment Department and Vice-Presidency for Environmentally and Socially Sustainable Development, November 1998.

World Bank Approaches to the Environment

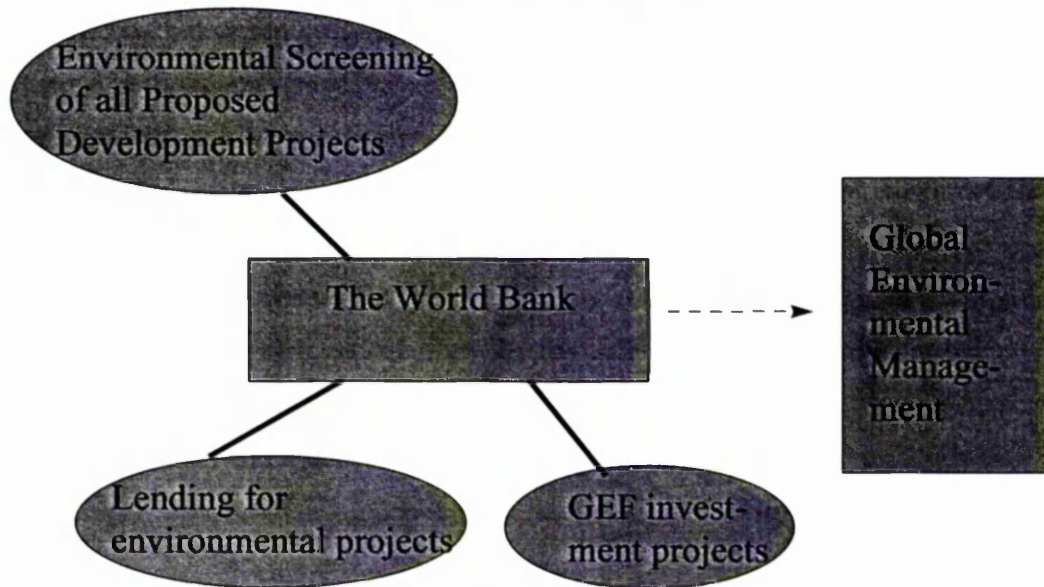


Fig. 4.2 World Bank Approaches to the Environment

The World Bank's ambitions in the global environment area show how the institution adapts to a changing external environment not by replacing existing institutional goals with new ones but by adding new goals to the existing ones. Ascher referred to an increasingly cluttered World Bank agenda and more recently, Wade described this situation as being one of mission overload (Ascher 1983, Wade 1997a).

The establishment of the Vice-Presidency for Environmentally and Socially Sustainable Development in 1993 elevated the environment within the institutional hierarchy. Since then World Bank publications and studies on the environment have multiplied. Yet, as Turnham points out, most of these studies are of a diagnostic sort with emphasis on the description and analysis of environmental problems and little information on the precise actions the institution is undertaking to address them. "Yet it is action, not diagnosis, that ultimately makes a difference; all sensitive institutional policy questions have to be broached and resolved in moving from study to implementation" (Turnham 1991:369). This transition from idea to action is especially pertinent in the case of the World Bank because more than any other single multilateral or bilateral agency, it has the ability to turn ideas and intentions into expenditure programmes through its vast financial resources for projects and other types of lending operations.

4.3 The Global Environment Facility

In response to scientific evidence and growing public concern, regional and global environmental problems became important issues on the diplomatic agendas of developed countries in the 1980s. Mounting international concern over global environmental problems led to the establishment of the World Commission on Environment and Development (WCED), whose landmark report *Our Common Future* called for an increase in financial resources for new multilateral efforts and actions for environmental protection and sustainable development (WCED 1987:340).

The international negotiations to reverse the depletion of the ozone layer, which led to the 1987 Montreal Protocol, are an example of growing political initiatives to address problems related to the management of the global commons. In the Montreal Protocol, developed countries pledged to reduce their production of one of the ozone-depleting substances, chlorofluorocarbons (CFCs), while developing countries were permitted to increase their use of CFCs over the next decade (Porter & Brown 1996).

By the late 1980s, many developed countries were eager to demonstrate their commitment to address global environmental problems and provide assistance to developing countries for their participation in global environmental management (Fairman 1996). It is in this context of the late 1980s that preparations for the United Nations Conference on Environment and Development (the Rio Earth Summit of 1992) began as a follow-up conference to the 1972 Stockholm conference on the Human Environment. Donor governments were concerned that planned negotiations on climate change, biodiversity protection and deforestation might lead to proposals for an inefficiently large number of financial transfer mechanisms. They also feared that the equal voting shares of developed and developing countries in the Montreal Protocol's Interim Fund might turn into a *de facto* precedent for future environmental conventions and thereby reduce developed country control over financing matters (Fairman 1994).

4.3.1 Genesis of a New Multilateral Entity

The concept for a multilateral financial mechanism to address environmental problems which are considered to be global in scale was first developed by a Washington, D.C.-based think-tank, the World Resources Institute

(World Resources Institute 1989). The French government, with support from Germany, was the first to express its interest in making a financial contribution to this type of multilateral effort (Global Environment Facility 1992). An initially reluctant United States Government¹⁷ soon endorsed the idea as it did not want to be perceived as obstructing a northern-led global environmental initiative in the wake of the United Nations Conference on Environment and Development (UNCED).

Developed country governments agreed that they did not want to create a new organization but instead wished to rely on the expertise and experience of existing institutions (Dernbach 1993). The World Bank offered to administer such a new financial mechanism and the GEF was formally established as a three-year pilot programme through a resolution of the World Bank's Board of Executive Directors in 1991 (World Bank 1991b). This helped the World Bank bolster its credentials as an environment-friendly aid agency and establish leadership in an area of increasing interest to its major donors (Fairman 1996).

Once established, the World Bank invited the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) to join the GEF in a tri-partite structure. In the division of labour amongst the three GEF Implementing Agencies, responsibility for technical assistance projects fell to UNDP, while UNEP was charged with providing overall scientific guidance. The World Bank, on the other hand, would administer the GEF trust fund, house and staff the GEF Secretariat and be responsible for all GEF investment projects (Global Environment Facility 1991). In addition, many GEF grants are not financing free-standing projects but represent components of larger, regular World Bank loans (GEF 1991).

As in the case of the World Bank's IDA operations, donor country contributions to the GEF are based on the size of a country's economy, a principle known as "burden-sharing". As a result the United States is, at least in principle, the largest donor followed by Japan, Germany, the United Kingdom and France.

¹⁷ The United States government was less than enthusiastic about the establishment of the GEF because of its reluctance to commit to providing new and additional financial resources for areas such as climate change (Fairman 1994).

GEF resources are intended to provide grants for the "agreed incremental costs"¹⁸ of innovative projects in four focal areas: climate change; biodiversity loss; the pollution of international waters; and the depletion of the ozone layer¹⁹ (World Bank 1991b). The incremental cost criterion excludes the financing of projects which have primarily local benefits. The sharp conceptual distinction between local and global benefits is important for finance ministries and aid agencies in developed countries since they have to justify budget allocations for the GEF as being separate from their countries' regular development assistance programmes (Fairman 1996).

During the GEF pilot-phase, participating governments formed the Participants' Assembly whose task was to approve overall GEF work programmes which contained only brief descriptions of the projects to be financed by the GEF. Further detailed elaboration of the projects and their final approval is in the hands of the respective Implementing Agency, whose own policy guidelines apply to its GEF work. The latter rule is particularly important with regards to the World Bank which has the most detailed environmental policy guidelines of the agencies and is responsible for all GEF investment projects. GEF investment projects, with costs of US \$ 10 million and above, follow regular World Bank approval procedures, i.e. they have to be approved by the World Bank's Board of Executive Directors where the largest donor countries are the most influential voice.²⁰ The World Bank's role in determining the GEF's investment programme was further strengthened when it successfully rebuffed requests by UNDP and UNEP to review and comment on World Bank investment project proposals (Fairman 1996). Both United Nations agencies were assigned the roles of junior partners in the tri-partite arrangement, largely because the main donor governments consider the World Bank to be more effective in handling large amounts of funding (Porter & Brown 1996).

¹⁸ "Agreed incremental costs" as defined by the GEF represent the difference between the costs of projects undertaken with global environmental benefits in mind and the costs of an alternative project which does not reflect such concerns (GEF 1994c).

¹⁹ The GEF does not serve as the financial mechanism for the Montreal Protocol, which has its own interim multilateral fund. GEF-funding for projects to reduce ozone-depleting chemicals is made available to those countries which have signed the Montreal Protocol but do not qualify for support from the interim fund because their ozone-depleting emissions are above the cut-off point of 0.3 kilograms per capita as specified at a June 1990 meeting in London when agreement on the interim fund was reached (GEF 1991).

²⁰ GEF investment projects under US \$ 10 million can be approved by senior World Bank management without involvement of the Board of Executive Directors.

The creation of the GEF prior to UNCED allowed developed countries to define global environmental problems as they perceived them and to establish the limits and the scope of their responsibilities in assisting developing countries.

4.3.2 Post-Rio Compromises

Developing countries grouped together in the Group of 77 (G 77) in the United Nations opposed the GEF as the sole funding entity for global environmental agreements because it had been set up without their consultation and because it is largely managed by the World Bank, which is controlled by wealthy donor countries (Porter & Brown 1996). In addition, the G 77 would have preferred for the GEF to include environmental problems that represent greater national priorities such as desertification, reduced agricultural productivity and the availability of fresh water. At UNCED, the G 77 proposed a revised governing structure for the GEF based on the full equality of all participants with decisions made by a simple majority (Group of 77: 1993).

Developing countries were also ambivalent about the GEF because they felt that any alternative proposal to the GEF would not receive the backing of the major donors and therefore would have little practical relevance (Gupta 1995). At the Rio Summit, developing countries were presented with an already established GEF capitalized with a US \$1 billion core fund, which donor governments promised to make available in addition to their on-going development assistance programmes. Since many developing countries feel that their mandate is to tap whatever aid is available, they felt that they had no alternative but to agree to the GEF in some form (Gupta 1995).

As a result, the first major North-South battle over a global environmental institution (Porter & Brown 1996) turned into a compromise solution in which the GEF was designated as the "interim" financial mechanism for the two United Nations conventions signed at Rio, the Framework Convention on Climate Change and the Convention on Biodiversity (United Nations 1992). The compromise, however, also stipulated that the GEF be restructured to become more democratic and transparent and that it follow the guidance of the governmental parties to the U.N. Conventions on issues relating to climate change and biodiversity conservation (GEF 1994b).

UNCED validated the GEF's status as the world's major source of public funding to address global environmental issues (Fairman 1996). In comparison, the other major action plan adopted in Rio, known as Agenda 21, fell short. Agenda 21 stipulated that developed countries would provide US \$ 141 billion annually in grants and low interest loans in the 1993-2000 period to foster sustainable development. But it never received the financial backing from the major donor countries because they were unwilling to support an initiative in which their control over financial matters might be weakened.²¹

In addition to the UNCED-mandate to restructure, the GEF pilot-phase underwent a detailed evaluation by the World Bank's Operations Evaluation Department (OED) and the respective evaluation mechanisms within UNDP and UNEP. The final evaluation report called for major changes in GEF management, operating principles and the definition of its mission (GEF 1994a).

During the eighteen months of restructuring the GEF which led to a fresh infusion of US \$ 2 billion into the GEF core fund, several creative compromise solutions were found which pacified the developing countries without resolving important underlying disagreements and without undermining the ultimate power of the main donor countries to determine the scale of donations and control of disbursement.

A key innovation brought about by the restructuring was the establishment of the GEF Council as the GEF's main governing body, which meets every six months in Washington, D.C.. The GEF Council has thirty two members, sixteen from developing countries, fourteen from developed countries and two from Central and Eastern Europe and the former Soviet Union (GEF 1994b). Mirroring the World Bank's Board of Executive Directors, the main donors have their own representative on the Council while smaller countries and recipient countries have formed constituencies in which one Council member represents various states. The voting system in the GEF Council represents a hybrid form of the United Nations (one country/one vote) and the Bretton Woods (vote proportional to financial contribution) systems in the form of a double-weighted voting system. This system requires a majority of both donor countries and recipient countries should an issue be brought to a formal vote. Since decisions by the GEF Council usually are taken

²¹ Interviews with Government officials in the United States and Germany in 1992-95.

on an informal consensus basis, no formal voting had taken place as of 1999. Even after the restructuring, ultimate project approval rests with the GEF Implementing Agencies.

The restructuring also led to a new status for the GEF Secretariat, which continues to be administered with support from the World Bank but which now has the mandate to carry out its tasks in a functionally independent manner (GEF 1994b). The Chief Executive Officer (CEO) of the Secretariat who also serves as the chairman of the GEF, is appointed by the GEF Council. The GEF Participants' Assembly, which includes representatives of all participating governments, was maintained as a formal body which meets every three to four years to review and evaluate the GEF on the basis of reports submitted by the GEF Council (GEF 1994b).

The GEF's membership has grown from 24 countries in 1991 (GEF 1991) to 164 countries in 1998 (GEF 1998a). The GEF is the only major financial accomplishment of the Rio Earth Summit as illustrated by the growing contributions to its core fund (Fig. 4.3). The core fund does not include an estimated US \$ 5 billion in co-financing, *i.e.* additional investments by other donors for the same activities (GEF 1998a).

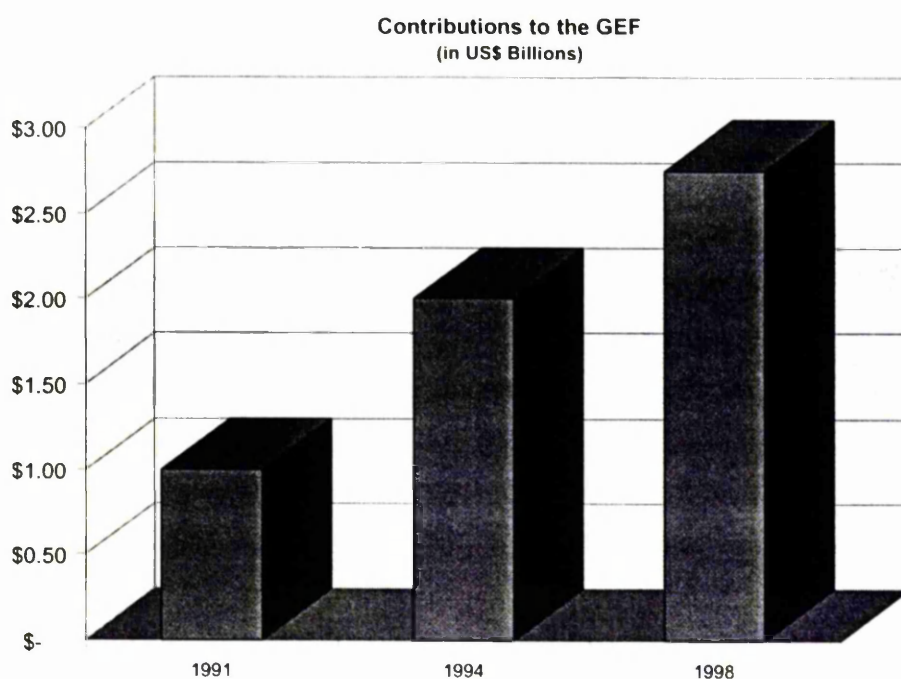


Fig.4.3 Contributions to the GEF
Source: GEF 1998a

4.3.3. In the Realm of Biodiversity

Biodiversity-related projects represent the largest share of the GEF portfolio (Fig. 4.4). By order of magnitude, the GEF's biodiversity programmes represent the largest amount of funding ever made available for biodiversity conservation in developing countries by a single source (Wells 1994). Biodiversity protection is also the area where the GEF's goal of translating international decisions into local actions is most in evidence (GEF 1998a). While decisions about funding and design of biodiversity projects are made in a global context, GEF-funded projects are targeting local conditions, often in remote regions in developing countries which are usually inhabited by rural communities and/or indigenous peoples.

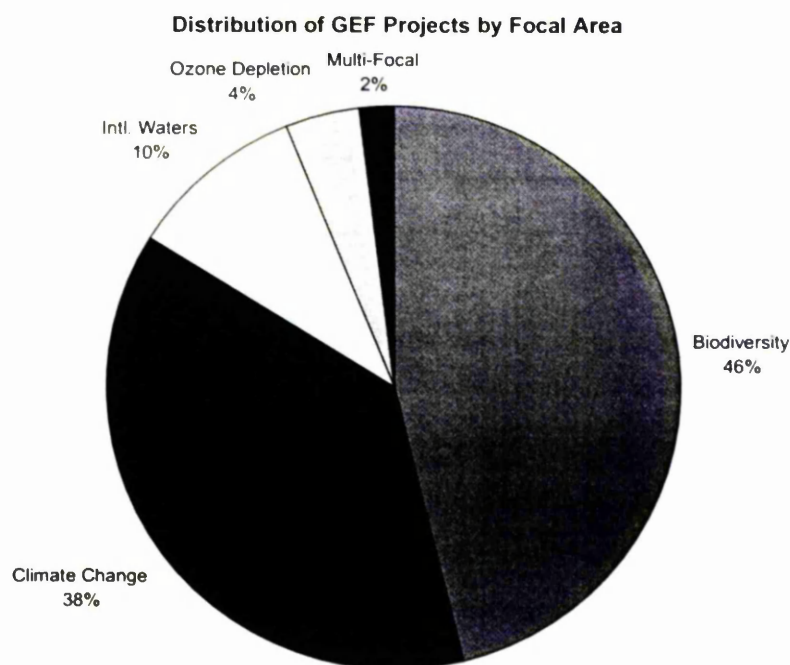


Fig. 4.4 Distribution of GEF Projects by Focal Area
Source: GEF 1998a

Documentation on GEF biodiversity projects usually highlights the social dimensions of biodiversity by emphasizing that sustaining the livelihoods of local communities and maintaining their quality of life is one of its goals (Newcombe & Richardson 1993). The language in GEF project documents refers extensively to

“sustainable development”, “involving local people in design and implementation” and “strengthening institutions” (GEF Work Programmes 1991-1998). However, the same documents usually do not specify how these goals are to be implemented in practice (Wells 1994).

In the biodiversity area, GEF projects follow mostly the traditional approach of setting-up and supporting protected areas. While the GEF works through governments, large northern-based nature conservation organizations which have long experience in protected area management have been able to participate in many of these projects, as, for example, in the case of Cameroon (chapter 7).

However, not everyone in the nature conservation community was enthusiastic about the GEF. The chief conservation officer for the International Union for the Conservation of Nature (IUCN) expressed it bluntly: "The GEF is a typical top-down, throwing-money-at-the-problem, dealing-with-symptoms-rather-than-causes solution to a very complex set of issues" (McNeely 1993:1).

These types of preoccupation are echoed within the GEF Secretariat and the Implementing Agencies themselves. Social scientists inside the institutions are warning that the success of biodiversity conservation projects depends upon a thorough understanding and careful consideration of social, political and cultural factors and that these factors are often overlooked as project preparation concentrates on financial, technical and administrative aspects (Cruz & Davis 1996).

The U.N. Convention on Biodiversity (CBD), a legally binding document which adopted the GEF as its interim financial mechanism in 1992, has had little influence on the GEF. Article 21 of the CBD lays out that the GEF will function under the authority and the guidance of the Conference of the Parties of the CBD (United Nations 1992). In addition, the CBD establishes that the Conference of the Parties of the CBD is in charge of determining policy, strategy, programme priorities and eligibility criteria for the GEF (Glowka et al. 1994). Indeed, only countries which are signatories to the CBD qualify for GEF funding for biodiversity projects. But the Conference of the Parties of the CBD has not been able to provide effective guidance to the GEF. One of the several reasons for this is that the underlying North-South questions have not been resolved and there is little

political will on all sides to confront them head-on as this might lead to the disintegration of the GEF (Fairman 1996).

Developing countries, which constitute the majority in a United Nations context such as the Conference of the Parties of the CBD, emphasize the need for national action and priority-setting as opposed to activities which are mainly concerned with global priorities. The CBD calls on the GEF to provide financial resources for country-driven activities and programmes that are consistent with national objectives (GEF 1998b). Donor countries, however, are not inclined to give up on the GEF's incremental cost principle, according to which the GEF only finances the "additional" costs of projects (or project components) which produce global environmental benefits, *i.e.* projects which developing countries have insufficient economic incentives to undertake on their own. This insistence by donor nations has more to do with their own domestic budgeting processes than with practical relevance. A coherent methodology for measuring incremental costs has not been developed and it continues to remain unclear how the concept is being used for project selection and funding decisions (GEF 1998b).

The incremental cost principle does not appear to be easily applicable since it will often be too contrived to draw a clear distinction between local and global interests. This is particularly true of biodiversity protection, for example, in the area of funding for institutional strengthening, which is a component of many GEF biodiversity projects. It is not surprising therefore that the principle has not been applied in a rigorous fashion (Fairman 1996).

Although most Northern and Southern countries may bargain for increasing their share of power and control, they want the GEF to go forward for their own reasons. Northern governments can satisfy domestic environmental constituencies by participating in the GEF and Southern governments hope for increased grant funding and technology transfer from the North.

North-South bargaining and underlying tensions help the GEF and other international financial institutions increase their operational autonomy from both donor and recipient governments (Fairman 1996). This relative autonomy is reflected in the GEF's institutional structure with its diffuse lines of authority and informal decision-making procedures. The resulting gray areas provide discretionary decision-making power to the bureaucracies of the GEF Secretariat and its Implementing Agencies.

4.4 Cameroon

This section provides an overview of the specific country context in which the case studies of the three following chapters will be examined. While the focus of this study is on the international financial institutions and their compliance with their own biodiversity-related policies, it is necessary to place the case studies in their proper political, socio-economic and environmental context. A variety of World Bank and GEF reports are quoted throughout this section, which reveal the institutions' uneven knowledge and approaches to "*la crise*" which has dominated Cameroonian life since the late 1980s.

4.4.1 Political Environment

"...Du peuple camerounais trop longtemps anesthésié, hébété de propagande et de terreur, décervelé proprement, mais que se réveille lentement et commence à se ressaisir: ainsi donc, chuchote-t-il, ce fut pendant presque trente ans le règne du meurtre et de la rapine? Comment cela a-t-il été possible?" (Mongo Beti 1986).

("... Of the Cameroonian people who have for too long been anaesthetized, numbed by propaganda and terror, thoroughly debrained, but who are slowly awakening and beginning to recover: So then, people whisper, for almost thirty years this was the rule of murder and of pillage? How has this been possible?")

This is how Mongo Beti, one of the leading literary voices in the Francophone world, refers to the awakening of civil society in his native Cameroon after almost thirty years of independence.

Cameroon, which covers a territory of about 475,000 square kilometers and has a population of an estimated 14.3 million people, is often described as a miniature continent because its great diversity in ethnic groups and landscapes appears to reflect Africa itself.

According to historians, Cameroon represents a typical example of the hasty African experience of post-colonial "late development" in which a nation-state polity and a modern economy were put in place in ways which limited democratic initiatives (Takougang & Krieger 1998:xx). It is in the 1990s that a

stirring of civil society is becoming a stronger factor in national politics although democracy is far from being consolidated as the decade approaches its end.

The area of modern day Cameroon came under German colonial rule in 1884. Germany's defeat in the First World War led Cameroon to be partitioned between Britain and France in 1916. The partition, which was confirmed by a mandate of the League of Nations in 1922 and subsequently by United Nations trusteeships, left its imprints, including the language of the respective colonial ruler, in East Cameroon (French) and West Cameroon (British). French colonialism was more direct and centralized by comparison with the more decentralized and indirect approach adopted by Britain. East Cameroon received large numbers of French administrators who were sent to "Overseas France" to assist in the building of bureaucratic and hierarchical structures and small local elites were assimilated into being French (Binns 1994). On the British side, which represented a much smaller fraction of the territory and the population, a stronger sense of local autonomy and a structure of power may have been preserved which continues to play a forceful role in Cameroon politics of the 1990s. Anglophone South-West and North-West Provinces are the main regions of opposition against Cameroon's present regime.

Independence, in 1960, from Great Britain and France, was followed by the unification of the two Cameroons and the Federal Republic of Cameroon was born in 1961 (Egbe 1997). Newly independent Cameroon continued to have strong ties to France which were reflected in a series of bilateral political, military and economic agreements (Takougang & Krieger 1998). France placed Ahmadou Ahidjo, Cameroon's first president, in power and supported his rule in order to ensure continued French authority in the country after independence (Takougang & Krieger 1998). Ahidjo's rule (1960-1984) established the hegemonic structures of an autocratic state, which was geared towards maximizing presidential powers. In order to tighten his control over the minority Anglophone population in the former British Trust Territory, Ahidjo staged a referendum in 1972 which reportedly was approved by 99.99% of the population. It curtailed the autonomous rights of former West Cameroon and established Cameroon as a unitary state, the United Republic of Cameroon (Takougang & Krieger 1998:4).

Resistance and opposition within the country and amongst Cameroonian exiles abroad were swiftly dealt with by security and intelligence services directly

supported by French assistance. French military involvement helped build the country's national army and one of the most effective intelligence services in Sub-Saharan Africa, SEDOC, the Service des Études et de la Documentation, which later became the feared CND, the Centre National de Documentation (Takougang & Krieger 1998). During his twenty years in power, anti-subversion legislation and the terror spread by his various security forces, allowed Ahidjo to maintain an iron grip over Cameroonians.

It will be left to historians to discuss the role played by the extreme centralization of power and oppression in promoting the political stability and the measure of economic and social gains made during the Ahidjo years. Under his successor, President Paul Biya who took office in 1982 and remains in power as of 1999, the country continued to be run by a monolithic state and a party apparatus as its key agencies. France continues to play the key-role in Cameroonian politics with unconditional political and military support for the Biya regime (Agir Ici & Survie 1996). Whenever the state's coffers are empty, French bilateral assistance ensures that salaries of the military and police are promptly paid (Verschave 1998).

In order to diffuse growing pressure for democratic reforms, a law allowing multi-party politics was made in 1990 that led to the registration of more than 100 political parties.²² Since then Cameroon has found itself in a transitional period, where democratic reforms seem to have stalled or reached an impasse, but where, never-the-less, a fledgling civil society is increasingly making its voice heard. An independent press has developed although its journalists and editors are frequently subject to harassment if not outright imprisonment, as was the case until recently of Pius Niawe, director-general of *Le Messager*, Cameroon's best known independent newspaper.²³

New political parties have emerged and elections are being held but the regime in power closely controls the rules and procedures, thereby ensuring vastly favorable election outcomes for itself. In the October 1997 presidential elections, which independent observers describe as fraudulent, President Biya was reelected to another seven-year term with 92.57% of the vote.²⁴ Cameroon's Roman Catholic

²² The Economist Intelligence Unit Country Reports, 3rd Quarter 1998.

²³ Amnesty International has documented the arrest of Pius Niawe and numerous opposition figures in its 1997 Country Report for Cameroon with the title "Cameroon - Blatant Disregard for Human Rights".

²⁴ The Economist Intelligence Unit Country Report for Cameroon, 1st quarter 1998.

Cardinal Christian Tumi described the elections as a complete mockery of democracy.²⁵

Cameroonian theologian and author Jean-Marc Ela, exiled in Canada, maintains that poverty in his country is being created by a neo-colonial state which marginalizes a majority of its people and rules with oppression and injustice enabling the wealthy national elite to maintain its grip on power (Ela 1993). While Ela's social justice thinking may be rooted in his religious beliefs, the economic theory of the rentier state is helpful in explaining his observations of the growing disenfranchisement of a majority of the population.

Yates in his study of the rentier economy in Africa shows "...how and why neocolonialism causes underdevelopment, dictatorship and general suffering for the average African who lives under it" (Yates 1996:8). A rentier state is a country whose government receives substantial amounts of external economic rent (Yates 1996). This rent concentrates wealth and with it political power in the hands of a few. The income from rent, which is the result of chance, not work, frees the state and its rentier class from promoting economic growth domestically because they do not depend on a domestic tax base. Morton has pointed out that the almost total dissolution of taxation as a means by which the contract between a state and its people is regulated may be a root cause of the lack of accountability in many African states (Morton 1994). Since there is little to tax, there appears to be no need for the rentier state to seek legitimation from its own people. Instead of seeking socio-economic transformation, the rentier classes use every means at their disposal to maintain the status quo (Yates 1996).

In the case of Cameroon these rents are mostly derived from oil and timber exports, both of which are "free goods" for the government since both the mineral wealth and the forest belong to the state. Since multinational companies are managing the extractive activities, few if any investments on the part of the state are required. The rents are the country's main source of revenue and the Cameroonian state has used a part of the rent to feed a broad patronage network which French scholar, Bayart, has termed "the politics of the belly" (Takougang & Krieger 1998, Ekoko 1995). The model implies the existence of a highly centralized state with quasi total control of wealth which is used to promote

²⁵ Quoted in the Washington Post, "Cameroon Election, President's Victory Called a 'Mockery of Democracy'", 25 October 1997.

pervasive clientelism at all levels of society, as Takougang and Krieger put it "...the people did eat" (Takougang & Krieger:4).

This model worked for Cameroon's elites until the mid-1980s. With the onset of a severe economic crisis, prospects of democratization and a weakening of authoritarian rule, there have been fewer crumbs for the many and even larger shares for the few (Ekolo 1995).

4.4.2 Socio-Economic Developments as Reflected in World Bank Reports

After years of steady growth fueled by stable prices for agricultural exports and increased oil production, in the mid-1980s Cameroon entered what people in the country simply refer to as "*la crise*." From 1985 to 1989 Cameroon's terms-of-trade fell by about 50% and oil production declined by about one third (World Bank 1995f). According to the World Bank, "*la crise*" with an estimated decline of 55% of per capita GDP between 1986-1994, represents a collapse that has been one of the most painful that any country has suffered (World Bank 1995i:ii).

The World Bank tried to help Cameroon address the external imbalances through structural adjustment loans (SALs). A World Bank Project Completion Report reviewing the impacts of its 1989 and 1994 SALs concludes that the government's lack of political will and uncertain leadership were the main factors for the unsatisfactory results of the programmes (World Bank 1995f). Cameroon's real Gross Domestic Product (GDP) shrank by an estimated 30% during this period and salaries paid in the public sector were reduced by about 60% (World Bank 1995i). However, in addition to blaming the government, the World Bank report admits that the design of the SAL was flawed because it aimed at "reestablishing the competitiveness of the economy through deflationary, internal policies alone," i.e. without devaluing the exchange rate at the same time (World Bank 1995f:vi).

As a result, the World Bank acknowledges that the implementation of the SALs had a major negative impact in social terms: unemployment soared, farm incomes fell by 40 to 65% depending on the crop, and the reduction in public spending, particularly in health and education, had adverse consequences for the country's most vulnerable population groups (World Bank 1995f: 32).

In order to mitigate some of these impacts, the World Bank launched a "Social Dimensions of Adjustment project" in 1991, which was cancelled three years prior to its scheduled conclusion because of poor project implementation.

The World Bank states that a weak commitment to reduce poverty on part of the government, including a lack of transparency in the management of project accounts and procurement, was one of the key-reasons for project cancellation (World Bank 1995b). In addition to the problems caused by the government, the World Bank once again acknowledges that its own project design was flawed. The project was too complex and the World Bank had poorly assessed the capacity of government agencies to implement the programme and made too few resources available for adequate project appraisal and supervision (World Bank 1995b: iii).

Lack of Government commitment and flawed project design of World Bank loans have led to a severe degradation of the nutritional status, health and education for a majority of Cameroonians. The devaluation of the Franc CFA by 50% in January 1994 was to help jump-start economic growth but it has had little impact on reducing pervasive poverty (World Bank 1998b). As a result of the devaluation, Cameroon's status was downgraded from a middle-income to low-income country and it became eligible for concessional IDA-loans. Cameroon's previous borrowing from the World Bank, including for the SAL referred to above, had been on near-market IBRD terms.

The World Bank's 1995 Poverty report permits a glimpse of the human face behind the macro-economic language of deflationary policies and demand-contraction (World Bank 1995i). According to the report, roughly two thirds of the urban population in Yaoundé and Douala reported that the quality and quantity of their nutrition had markedly declined over the 1989-1994 period. Most people struggled to eat one meal per day, usually consisting of banana, pepper and palm oil (World Bank 1995i:37). Physical measurements of children at a primary school in Yaoundé revealed that malnutrition had grown substantially during the same period. The children, who were the sons and daughters of high- and medium level civil servants, became considerably thinner. Given the social status of these children, the report extrapolates that the nutritional status of the majority of low income children had even deteriorated more (World Bank 1995i:50).

Access to clean water was an acute problem for the majority of poor people in both rural and urban areas and a simple piece of laundry soap has become a luxury item (World Bank 1995i:37). The urban unemployment rate was one of the highest in Africa and well above the rates recorded in Asia and Latin America with youth unemployment particularly severe (World Bank 1995i:iii).

A vast majority of Cameroon's people had been pushed to the edge of survival. Yet their country is richly endowed with tropical forests, coastal fisheries, mineral resources (oil, bauxite, natural gas), fertile agricultural land and a favorable climate (World Bank 1995f). Why is food security such a problem in a country, which the poverty report describes as being of "striking diversity and tantalizing potential" (World Bank 1995i:1)? The report itself tries to provide an answer by stating that the severe distortions in food supply have been caused by an over-emphasis on agro-industrial investments and the promotion of export crops at the expense of the small-holder agricultural sector, the main provider of food (World Bank 1995i:49).

Yet, as another World Bank report points out, most World Bank loans have been for the development of agricultural export crops and transport infrastructure: only 6% of a total investment of US\$ 1.5 billion for 75 operations financed by the World Bank in Cameroon as of 1994, had been targeted to the social sectors (World Bank 1995b:1).

The problems of corruption and a severe foreign debt burden are key ingredients in the present situation. The annual "Corruption Perception Index" for 1998 and for 1999, which is compiled by a Berlin-based organization, Transparency International, lists Cameroon as the most corrupt country in the world, surpassing two of the better known cases, Nigeria and Indonesia.²⁶ Until early 1998, oil was Cameroon's main export but oil revenues were never entered into the national budget in what the Economist Intelligence Unit has described as a historic lack of transparency in public accounts.²⁷ Oil revenues were deposited in foreign bank accounts where they were supposed to be safely kept as a reserve for bad days. When the bad days arrived in the mid-1980s, the reserves had disappeared (Verschave 1996). Both the IMF and the World Bank have made considerable efforts to have oil revenues become part of the regular government budget (Verschave 1996) and corruption is increasingly a subject matter that the World Bank brings up in its dialogue with the government (World Bank 1998b). However, the World Bank seems to rely on assurances by the government itself that it has begun addressing corruption (World Bank 1998b:3). These assurances

²⁶ The Economist magazine, 3 October 1998; World Wide Web Resource: www.Transparency.de, accessed 30 October 1999.

²⁷ The Economist Intelligence Unit, Country Report for Cameroon, 3rd Quarter 1996.

have facilitated the concession of a new structural adjustment loan in 1998 which, like previous ones, is largely focused on export-led growth and the simple assumption that economic growth will reduce poverty (World Bank 1998b).

Vigorous export promotion in order to ease the country's foreign debt problem also lies at the heart of the World Bank's Country Assistance Strategy for Cameroon (World Bank 1996h:7). Cameroon's external debt problem, which amounted to about \$ 9.5 billion in 1996, is more severe than the debt situation faced by Latin American countries in the 1980s (EIU²⁸, World Bank 1996h). As of mid-1997, the country's public external debt was equivalent to 80% of GDP and scheduled debt service represented 50% of export proceeds and 75% of budgetary receipts (World Bank 1998b:49).

The World Bank considers that the Government of Cameroon has been more serious about adequate implementation of structural adjustment measures over the past two years and as a result the economy has started to grow at an estimated 5% per year (World Bank 1998b). According to the World Bank, this growth has only had limited impact on the poor but the Government is now developing a national poverty reduction strategy which was to be completed in 1999 (World Bank 1998b:3).

4.4.3 Wealth in Biodiversity: Viewed From the Science and Donor Perspective

In addition to considerable scientific uncertainties about the subject of biodiversity, there are multiple levels of meaning attached to the concept depending on the perspective from which it is being looked at (chapter 2). Although much remains unknown, there is a broad consensus amongst the scientific community and international donors that Cameroon is a country uniquely endowed with biodiversity (Gartlan 1989, McNeely et al. 1990, Sayer et al. 1992, Alpert 1993, World Bank 1995d, Smith, T.B. et al. 1997, Sunderland 1997, Sikod et al. 1998).

Cameroon is thought to be one of the most important countries in the world with respect to species abundance, endemism and ecosystem diversity. This wealth in biodiversity is attributed to large remaining tracts of relatively undisturbed

²⁸ The Economist Intelligence Unit, Country Report for Cameroon, 3rd Quarter 1996.

lowland humid tropical forest, the broad range of habitats resulting from marked gradients in elevation and rainfall, as well as biogeographical affinities with both western and central Africa (Alpert 1993). The mosaic of habitats includes moist tropical forest dominating in the south and south-east, montane forest and alpine savanna in the highlands and sub-sahelian savanna and near desert in the north (Gartlan 1989). These diverse habitats are home to large numbers of nationally threatened and endemic plants (World Conservation Monitoring Center 1996). Cameroon's wildlife is also highly diverse with an estimated 849 species of birds in the areas of Mounts Cameroon, Kupe and Oku (International Council for Bird Preservation 1992). The sahelian savanna includes such megafauna as the endangered black rhinoceros and the savanna elephant (Gartlan 1989). The moist tropical forests in the south and south-east are home to gorillas, forest elephants, bongos and other forest ungulates (World Bank-Global Environment Facility 1995d).

Inventories of large mammals, birds and trees represent easy pickings for biodiversity research. A recent taxonomic study of just one forest area in south-central Cameroon estimates that taxonomists and ecologists worldwide do not have the resources to study the wide range of taxa as they are being affected by deforestation in a single region (Lawton et al. 1998). The study on the effects of forest disturbance and clearance on biodiversity concluded that although species richness generally declined with increasing disturbance, no single group of species could serve as an indicator taxon for changes in the species richness of other groups (Lawton et al. 1998). After collecting data on eight groups, including the flagship taxa of birds and butterflies, the study concluded that the scientific effort required to provide inventories of biodiversity even in this single area in Cameroon's Mbalmayo Forest Reserve would exceed anything attempted so far anywhere in the world (Lawton et al. 1998: 74).

While conservation organizations and international donors have focused much of their attention on moist tropical forest, ecotones, the transition zones between rainforest and savanna, are emerging as key areas in the generation of biodiversity (Enserink 1997). These transition areas (Fig. 4.5) provide zones of contact between closely related species and the use of DNA studies provides insights on the degree of interbreeding between them. A study of Cameroon's little greenbul (*Andropadus virens*), a small forest bird, documents that despite the

interbreeding, species in the rainforest and in the ecotone develop differently because the pressures for survival in the two habitats are very different. This differentiation may lead to the development of new species. These findings contradict the view that populations must be geographically separated for evolution to drive them to diverge, while confirming the theory that the transition areas are the birthplace of much of the biodiversity found in rainforests (Smith et al. 1997).

Cameroon's high level of biodiversity has attracted considerable attention from the international donor community and an estimated US \$ 100 million have been invested in biodiversity conservation in Cameroon between 1987 and 1997 (Sunderland et al. 1997). In addition to the World Bank and the Global Environment Facility, other donors include the European Union and a host of bilateral aid agencies from the United Kingdom, the Netherlands, Germany, France and Canada (World Bank-Global Environment Facility 1995d).

The importance of biodiversity in Cameroon in the view of multilateral institutions is demonstrated by the fact that the Global Environment Facility selected Cameroon as the site for one of its earliest GEF project proposals (Horta 1991). World Bank documents for structural adjustment loans emphasize that Cameroon's long-term development depends on an efficient management of natural resources and the environment (World Bank 1994b:21). The World Bank's Country Assistance Strategy (CAS) for Cameroon states that the country's long-term development prospects are closely associated with the sustainable use of forests, soils and biodiversity (World Bank 1996h). However, the CAS does not indicate how the World Bank plans to tackle the sustainable use problems in its own development assistance programmes for Cameroon. The World Bank's latest structural adjustment loan makes a single reference to the government's intention to adopt a national strategy for biodiversity management and conservation at some unspecified point in the future (World Bank 1998b:48).

Meanwhile, deforestation, the principal threat to Cameroon's biodiversity, is increasing at an alarming rate (FAO 1993). Already prior to the devaluation of Cameroon's currency in 1994, the country had one of the highest rates of deforestation in the world (World Resources Institute 1994-95).

While the underlying causes of the loss of forests and biodiversity are multiple, deforestation in Cameroon is largely driven by commercial logging and associated land conversion (Sunderland et al. 1997). In the year following the

devaluation of the Franc CFA by 50%, log exports increased by 34% (Kaimowitz et al. 1997). This has led to a situation where exports of logs and wood products have become the fastest growing export commodity in 1994, doubling from 6 to 12% of all exports (World Bank 1996h:7). Economic forecasts for Cameroon estimate that the revenues generated by timber exports will exceed oil export revenues for the first time in the 1997/98 period making timber the country's foremost export.²⁹ Logging operations are usually carried out without forest management plans. They are leading, both directly and indirectly, to increasing deforestation in what has been described in a confidential study for DFID as a "poorly organised race to extract maximum profits from a rapidly disappearing resource" (Burnham & Sharpe 1997:4). One of the industry's increasingly well-documented impacts is on wildlife since it provides the infrastructure and communications for the commercial bushmeat trade. This trade which includes large-scale hunting of gorillas and forest elephants, would be unable to operate without the logging roads and often the transportation provided by logging trucks (World Society for the Protection of Animals 1995, Sikod et al.1998).

While there is broad evidence of deforestation, data collection in Cameroon is difficult. Deforestation can be deducted from timber export figures, it can be observed on countless individual logging sites or estimated on the basis of anecdotal evidence such as endless convoys of logging trucks on Cameroon's main roads and the large amounts of raw logs and sawn timber waiting for shipment in the port of Douala. However, precise data on logging concessions, the hunting of rare wildlife or the bushmeat trade involve political sensitivities and are difficult to obtain. Even if these data are collected, it is almost impossible to ensure their reliability (Sikod et al.1998:5).

4.5 Summary

This chapter begins to examine the interface between international financial institutions and the environment. The first section contrasts the role of the major donor governments in setting the agenda for the World Bank with efforts by World Bank senior management to obtain greater institutional autonomy. In addition, it

²⁹ The Economist Intelligence Unit Country Report, 1st Quarter 1998.

documents the emergence and history of the environmental agenda at the World Bank from the late 1980s through the late 1990s.

The second section examines the reasons behind the establishment of the Global Environment Facility (GEF) in 1991. It analyses its institutional arrangements, which have led to North-South tensions at the 1992 United Nations Conference on Environment and Development (UNCED) and to the subsequent restructuring of the GEF in the 1992/93 period. It concludes by examining the magnitude of biodiversity investments in the GEF's portfolio, the policy statements surrounding biodiversity conservation and the approach that is being taken in this area.

The choice of a geographic space in which to examine the World Bank's and GEF's compliance with their biodiversity-related policies fell on Cameroon because both institutions consider the country to be home to globally important biodiversity and both are carrying out programmes in Cameroon which have direct and indirect impacts on biodiversity.

The overview of the political, socio-economic and environmental geography of Cameroon provided in the final section of this chapter is critical to situating the case studies of the following three chapters in their broader context. According to political ecology thinking, environmental degradation is both a biophysical and a political issue. Attention to the political environment and the socio-economic realities of a country is indispensable to understanding its ecological problems. As Morton puts it, when international financial institutions pay insufficient attention to these dimensions, their investments may do little to advance their stated goals of promoting sustainable development (or protecting biodiversity) but instead ease the pressure inside the domestic economy to bring about necessary policy changes and thereby contribute to further distorting the society which they are affecting (Morton 1994).

The next chapter examines the World Bank's overall development strategy for Cameroon, which is laid out in the Country Assistance Strategy, and reflected in the policy recommendations of Structural Adjustment Programmes. It will shed light on how the institution's environmental discourse and biodiversity-related policies are integrated at this critical level of planning and policy advice.

Cameroon Ecotone and Forest Habitats

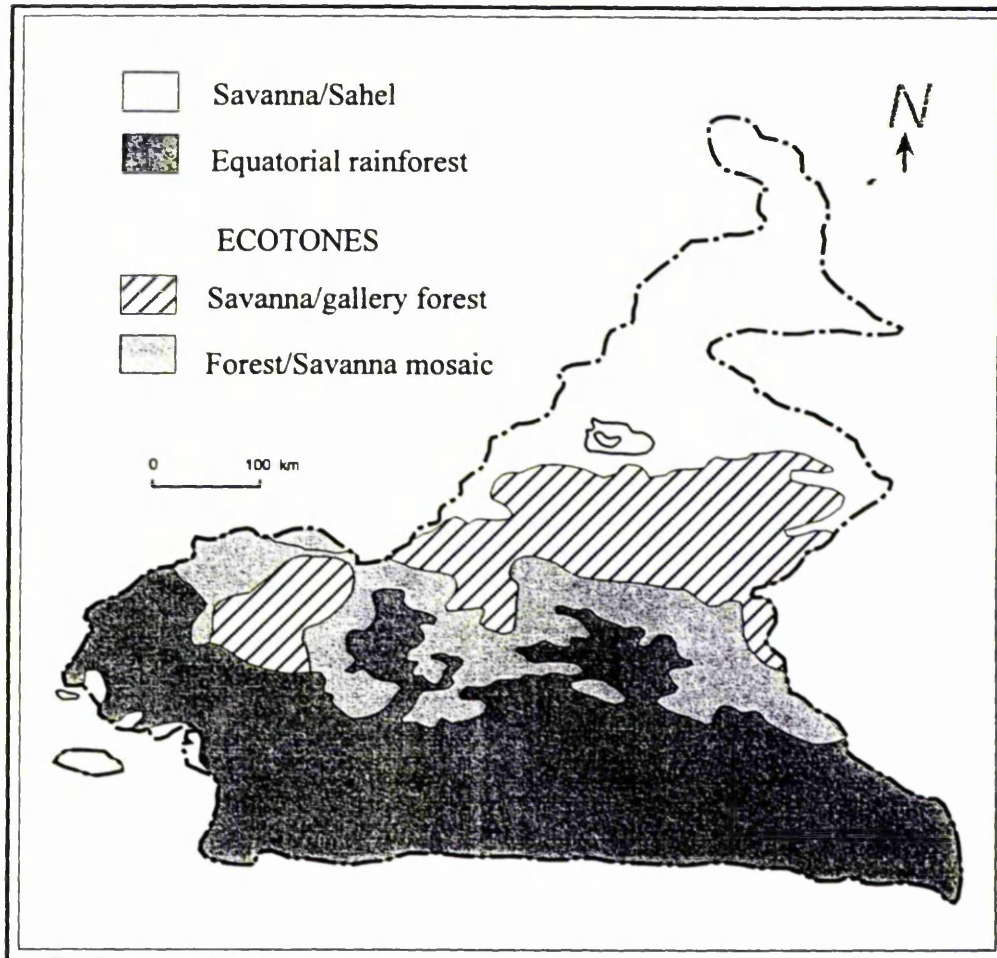


Fig. 4.5 Cameroon Ecotone and Forest Habitats
Source: Smith, T.B. et al. 1997

CHAPTER 5

POLICY DIALOGUE: CONSTRUCTING A DEVELOPMENT GEOGRAPHY

5.1 Introduction

The previous chapter provides background on the international financial institutions and on the political, socio-economic and environmental realities of Cameroon and thereby has set the stage for the case studies of this and the following two chapters. This chapter examines the integration of the World Bank's environmental discourse and its biodiversity-related policies at the level of strategic planning and policy advice for Cameroon.

The World Bank's policy dialogue with borrowing governments provides the overarching framework for the formulation of macro-economic and sector policies and the implementation of individual development projects. The key document resulting from policy dialogue is the Country Assistance Strategy (CAS) which represents the principal statement of the overall World Bank strategy in a given country. The CAS is also presented as the vehicle through which the Bank in dialogue with governments works to ensure that biodiversity concerns are taken into account in economy-wide government policies and development programmes and that sectors such as agriculture, forestry, tourism, energy and infrastructure are more biodiversity-friendly (World Bank 1995a:25). Figure 5.1 illustrates the various levels of policy dialogue examined in this chapter.

World Bank environmental and social policy staff reiterate in numerous official publications that the empowerment of local peoples and communities is critical to sustainable development in general and to biodiversity conservation in particular (GEF 1993, World Bank 1996d). According to a World Bank study on Africa, a sound development strategy implies "...a highly participatory approach - less top down, more bottom-up than in the past - which effectively involves local people, especially at the village level, in the decisions that directly affect their lives" (World Bank 1989: 59). The question of how 'policy dialogue' addresses political power relationships and access to productive resources in a country is thus critical to Bank efforts in assisting a country with conserving its biodiversity.

The first section of this chapter introduces the role of Country Assistance Strategies as the World Bank's overall blueprint for development of a specific client country. It then analyses the specific Country Assistance Strategy for Cameroon and how forest and biodiversity conservation, which the Bank recognizes as critical to Cameroon's development, has been integrated into the proposed strategy. The World Bank's Environment Department recognizes that targeted lending for biodiversity conservation efforts by itself is insufficient to ensure that biodiversity concerns are integrated into a country's overall development strategy: "... the conservation of biodiversity depends in large measure on how well policies and programmes in the economic sectors manage to address biodiversity" (World Bank 1995a:1). The section examines to what degree the Bank's own environmental expertise is reflected in the Cameroon CAS.

The second section analyses Bank efforts to promote a new forestry code in Cameroon. Since these efforts were part of several consecutive structural adjustment programmes, the section begins by examining the overall relationship between policies promoted through structural adjustment programmes and the environment. While the literature documents that the general correlation between structural adjustment programmes and environmental effects remains ambiguous (Reed 1992), the question the section seeks to analyse is to what degree structural adjustment programmes in Cameroon may be complementing or undermining the Bank's efforts on reforming Cameroon's forestry code. The stated goal of the Bank's work on Cameroon's Forestry Code is to establish a framework for biodiversity conservation and forest conservation with local participation (World Bank 1994b:11). Using Blaikie's identification of three distinct approaches to biodiversity conservation, i.e. the 'classic', the 'neo-populist' and the 'neo-liberal approach' (Blaikie 1995), the section analyses which of these approaches are used in the Forestry Code's reform efforts and what are the possible obstacles to their implementation.

Inspired by Crush's suggestion that development discourse is not hermetically sealed and might be open to challenge (Crush 1995), the conclusion of this chapter seeks to identify challenges within the policy dialogue which may provide an opening for future reformulation of World Bank approaches to improve convergence of the World Bank's environmental and social policy statements and its operational practice.

The method of analysis used is that of "informal logic" which is more conducive to understanding wide-ranging development discourse than a formal logic approach, which is better suited to analysing laws (Gasper 1996b). Informal logic, also known as practical argument analysis, consists of two phases: first, specifying the content and structure of the discourse and only secondly, assessing them.

Levels of Policy Dialogue



Fig. 5.1 Levels of Policy Dialogue

5.2 Country Assistance Strategies and their Role in World Bank Programmes

The CAS is the key strategic document laying out World Bank priority investments for its IDA and IBRD borrowers. According to Bank Procedure (BP), the CAS is based on the priorities of a particular country and is prepared with its government in a participatory way. It is, however, not a negotiated document and BP requires that any differences between the government's agenda and the Bank's strategy be highlighted in the CAS (World Bank 1995e). The goal of the CAS, which usually covers a period of three years, is to lend cohesion to the Bank's entire portfolio for a country and thereby help ensure the overall quality of its operations. In addition to being written in consultation "with the country" (*i.e.* the government), Bank staff are advised to pursue consultations on the CAS with civil society, including NGOs, but to do it with sensitivity and with the prior consent of the government (World Bank 1997b:2).

The audience for the CAS is the World Bank's Board of Executive Directors, who discuss the CAS at the same time as they approve a proposed lending operation for the country in question. The Board does not formally approve the CAS and its role is limited to a discussion of the contents of a CAS. Board discussions of the CAS had been strongly resisted by Bank Management which had stated that the role of the Board was to approve policies and projects and that it should not be involved in strategy discussions.¹ While the large number of CASs and the work overload of the Executive Directors' offices with their limited staff resources usually do not allow for a detailed discussion of an individual CAS, the Board's involvement in CAS discussions has made it possible to raise 'governance' questions as part of Bank strategy.

Despite the importance of the CAS as a blueprint of a country's development strategy, the CAS is a confidential document and not available to the public. The public includes national parliaments in both recipient and donor countries, unless the government in question specifically authorizes the release of the document. Depending on the recipient government's inclination, there may be a general discussion before the CAS is completed or a presentation of the overall results of the CAS following its adoption in order to obtain broader support for its

¹ Interviews with staff of World Bank Executive Director offices, November 1997

execution. The document itself, however, remains confidential and not subject to democratic process. The Bank explains confidentiality as essential to the protection of a frank discussion of development challenges facing the country. However, the confidentiality of the CAS does not guarantee overall frankness of its contents. An internal World Bank document calls for candor in the CAS but warns that assessments of particularly sensitive matters should be reserved for oral statements (World Bank 1997b:2).

5.3 Biodiversity and the Country Assistance Strategy

The 1987 reorganization of the Bank under President Barber B. Conable created a new emphasis on integrating environmental considerations into its overall activities including traditional project lending, designing special environmental projects or discussing national environmental policies with borrowing governments. Biodiversity, especially tropical forests which the Bank describes as storehouses of medicines, would be protected by Bank intervention: "The Bank's goal is to blur the lines between environmental activities and the rest of the Bank's work - to make them one" (The World Bank 1989b:9).

An internal World Bank memorandum advises all Operational Managers that "Environmental issues are now central to our Country Assistance Strategies" (World Bank 1996e:1). According to the Bank, in Cameroon these environmental issues are the protection and conservation of the country's natural forests, which are considered to be key habitats for globally threatened biodiversity (World Bank 1995d).

5.4 The Country Assistance Strategy (CAS) for Cameroon

This research had access to the 1996 CAS for Cameroon which provides the policy framework for economic reforms which can have significant, often unintended, consequences both for human society and the natural environment (World Bank 1996g). The development discourse used in the Cameroon CAS needs to be examined in its different economic, political, social and environmental dimensions as all are to some degree connected and have a bearing on the conservation of biodiversity.

Gaspar's description of the informal logic method is expanded by a critical analysis which pays attention to both the text and the context of underlying assumptions in the Cameroon CAS (Gaspar 1996b). The audience to whom the CAS is addressed, as well as who is included and who is ignored in the CAS form part of this context (Crush 1995:6). An additional question to be considered is whether and to what degree the CAS for Cameroon represents the results of a "learning approach" as opposed to "blueprint development" (Roe 1991), a standard and normative approach that is widely applied.

5.4.1 Structure and Contents

The 1996 CAS for Cameroon is an English language document² which consists of five sections and several statistical annexes. The Introduction, or first section, summarizes the following three sections which cover a report on the country's economic performance and needs for reforms (Section 2), the Government's strategy (Section 3) and the World Bank Group's strategy (Section 4) to address the economic situation. The core of the strategies put forward in Sections 3 and 4 are identical, only the emphasis shifts from what the Government stated goals are to what the World Bank Group's instruments and means are to achieving these goals. The lack of discussion or presence of divergent opinions may be explained by the fact that according to the CAS, the Bank's proposed strategy reflects the conclusions of a workshop held with economic ministers and advisers in Cameroon. The final and fifth section consists of a half-page note from the World Bank's President addressed to the audience of the CAS, the World Bank's Board of Directors, listing four possible topics the Board might wish to discuss during its consideration of the Cameroon CAS

5.4.2 The Core Contents

The core contents of the Cameroon CAS consist of a description of Cameroon's economic situation and a macro-economic reform program. Cameroon's external debt situation, which is described as more severe than the debt

² According to the Bank's Country Department for Cameroon an unofficial French translation of the CAS has been provided to the government with the goal of facilitating communication.

problem faced by Latin American countries in the 1980s, is the central preoccupation of the CAS. At US \$ 9.2. billion, Cameroon's external debt exceeds its GDP and on average 6% of its GDP is transferred abroad each year to service this debt. A 1995 rescheduling of the debt by Cameroon's principal donors led to a reduction of debt service from 90 to 77% of Government revenue. While most of this debt is bilateral, 10% of the debt is to the World Bank most of which is for high interest IBRD loans. Cameroon contracted these high cost loans before its middle-income country status was down-graded to low-income country status in early 1994, which made the country eligible for concessional IDA loans.

The Government's and Bank's strategy for Cameroon is centered around macro-economic reforms aimed at servicing Cameroon's external debt and the creation of an enabling environment for the private sector as a future engine of economic growth. The two priorities of this strategy are:

- (1) fiscal adjustments to release sufficient resources to keep the government current on its interest payment obligations;
- (2) comprehensive privatization and financial sector reform to improve the business climate (World Bank 1996g:1).

The promotion of exports is the central element in this strategy. The Bank sees its role as helping Cameroon restructure its economy "to remain competitive in a rapidly changing world" (World Bank 1996g:13). The Government and the Bank agree that the technical means to reach the goals consist of further trade and price liberalisation. Export promotion ranks as the first priority. Building on the 50% devaluation of the F CFA in January 1994, the strategy aims at making Cameroon's exports, which consist principally of primary commodities (oil, coffee, cocoa and timber) more attractive on the international market. Exports of logs and wood products were the fastest growing export commodities following the 1994 devaluation, doubling from 6 to 12% of all exports.

In addition to IDA balance-of-payments support in the form of several structural adjustment loans, IDA investment projects, *e.g.* for the transport sector and an oil pipeline, are also designed to help generate foreign exchange. According to the CAS, the pipeline is of special significance because of its potential "...to produce a major stream of foreign exchange that would help the government meet its heavy debt service obligations" (World Bank 1996g:14). Chapter 6 analyses

how both the Transport Sector and Pipeline projects address the Bank's stated commitment to biodiversity conservation.

Further reforms revolve around a tight fiscal policy with the objective of generating surpluses as well as a restructuring and reform of the civil service. New organizational structures put in place in 1995 resulted in the departure of 7,000 civil servants, or about 5.7% of the civil service, with further restructuring underway.

5.4.3 The Peripheral Contents

In addition to the core of the strategy, the CAS refers to the need for governance reform, poverty alleviation and environmental/biodiversity protection. The macro-economic reforms, however, never leave center stage, since they are considered a pre-condition for poverty alleviation efforts and essential to restoring investor confidence. Despite the World Bank's stated commitments to integrating environmental considerations into all its activities, which were prominently emphasized during the World Bank's 1987 reorganization, a potential linkage between macro-economic reforms and the environment is not established.

Amongst the peripheral issues, governance reform receives the strongest endorsement in the CAS, which does not shy away from the sensitive topic of corruption. The CAS states that the government's long-term objectives are to create a democratic society and to double per capita income within 20 years (World Bank 1996g:8).

In the short-term, however, the situation is more problematic. According to the CAS, "...the legitimacy of the current administration is broadly challenged among civil society, not just among fringe secessionist elements." The CAS acknowledges that the country's oil revenues have not been wisely invested (World Bank 1996g:3) and refers to the problem that long-entrenched corruption, political interference and arbitrariness in judicial decisions are seen as wide-spread and represent a key impediment to private investment (World Bank 1996g:11). However, the CAS reports that the President of Cameroon recognizes the need for improved governance, that he has strengthened the authority of the ministry of finance and that he and his core team of advisors are committed to reform (World Bank 1996g:6). The CAS also refers to the need for constitutional and political reforms as they are essential for private sector confidence (World Bank 1996g:5)

and it calls for greater freedom for NGOs to operate effectively (World Bank 1996g:14). Overall, the CAS concludes that governance reforms will not be easy and that they imply a fundamental social transformation (World Bank 1996g:6).

With regard to social analysis, the CAS refers to a World Bank Poverty Assessment for Cameroon, which found that Cameroonians have suffered a significant increase of poverty (World Bank 1995i). A six percent annual decline in GDP during the 1986-1993 period is said to have produced a 50% decline in per capita income. The CAS states that spending for social sectors was sharply curtailed and as a result Cameroon's social achievements are rapidly being eroded. Malnutrition is widespread and maternal mortality is high. The rural population suffered severely as result of reduction in producer prices for cash crops and the elimination of government subsidies before the 1994 devaluation of the currency (World Bank 1995i). Urban incomes suffered when civil service salaries were decreased by 50% in 1993. The CAS adds that the 1994 currency devaluation has improved the situation, especially for those sectors of the population who can benefit from Cameroon's increased competitiveness on export markets.

The CAS states that the Government has a medium-term plan to addressing issues such as safety nets, land tenure reforms, food security and a bigger role for women and local communities. In the same breath, the CAS warns that any hesitation in implementing the macro-economic reforms can undermine these poverty alleviation efforts (World Bank 1996g:11). The CAS does not examine if the implementation of the macro-economic reforms is consistent with the stated social goals in the medium-term. It simply assumes this to be the case, although it is aware that social indicators may worsen in the short term. The CAS explicitly refers to the risks posed by anti-reform lobbies which know that the government's strategy will be detrimental to *per capita* consumption in the short term (World Bank 1996g).

In the area of biodiversity and environmental reforms, the CAS refers to the fact that Cameroon is partly situated in the tropical forest belt of the Congo Basin and that the long-term development of the country is closely associated with the sustainable use of forests, soils and biodiversity. In addition, it points to World Bank implementation of a GEF biodiversity protection project and assistance in the preparation of Cameroon's National Environmental Action Plan (NEAP). It also makes reference to World Bank efforts to reform Cameroon's forestry code, which

are listed as a major achievement of structural adjustment programmes and are examined later in this chapter.

5.4.4 Assessing the CAS's Central Mission

The CAS is not the result of an analytic process, if analytic discourse is defined as one that contains multiple perspectives on policy issues, all of which potentially could have some validity and need to be taken into account (White 1994). Contrary to internal World Bank recommendations, the CAS's overriding focus on macro-economic reforms indicates that it was not prepared in a participatory fashion beyond inclusion of a small circle of government representatives.

The core and essence of the CAS represents what Gasper has described as "prescriptive essentialism", which holds that a policy measure is inherently appropriate (Gasper 1996a). It is focused on avoiding the possibility of a scenario where Cameroon would accumulate arrears on its foreign debt and enter into default. The macro-economic reform programme's possible causal linkages or potential implications for increasing democratic governance, poverty alleviation and biodiversity conservation are not discussed. References to the need for governance reform are made in the context of the macro-economic goal of restoring investor confidence. Poverty alleviation is seen as a longer-term goal dependent on prompt macro-economic reforms. This approach to poverty alleviation is based on the assumption of neo-liberal economic theory that export-led economic growth will eventually trickle down and "lift all boats". The underlying premise is felt to be "an empirical truth and yet is placed beyond empirical test" (Gasper 1996a:155). The CAS for Cameroon represents a model of development discourse which Crush has described as a discourse which is usually seen as self-evident and beyond question in the way it establishes its authority and constructs the world (Crush 1995:3).

The short-term focus of the CAS makes it difficult to consider the long-term consequences for Cameroon's development that its policy prescriptions may engender. The possible implications of a "strong fiscal contraction" in terms of human suffering from malnutrition, lack of basic medical care and a youth whose intelligence and talents are wasted in an environment that offers neither education

nor employment, remain unexamined. The only connection established between the macro-economic reforms and a reduction in per-capita consumption is made through the warning that a possible populist opposition (anti-reform lobby) may use this as an argument against the reform package.

5.4.5 The Politics of Marginalization

The strategies of both the Government of Cameroon and the World Bank, as described in the CAS, are identical and the CAS does not note any differences that might exist between the two (World Bank 1996g). The strategies are based on discussions between World Bank officials and a narrow circle of Cameroonian officials around the Presidency and representatives of the finance ministry. Whether the consensus is based on the like-mindedness of a small group of economic experts or on the pressure felt on the Cameroonian side to agree with Bank proposals in order to protect access to international funding, remains open to speculation.

The government which the CAS describes as being committed to reforms is the same government which sections of the CAS acknowledge to be responsible for extensive economic mismanagement and wide spread corruption, and which is resisting democratic reforms and facing broad opposition from civil society (World Bank 1996g). The fundamental governance problems identified by the CAS appear, however, to have no consequences for the Bank's proposed strategy. This can in part be explained by the fact that the CAS defines Cameroon's problems as technical problems which can be solved by technical solutions consisting of fiscal and monetary policy reforms. The depoliticization of the issues that follows from treating matters, which affect people in different ways and on which they may have different perspectives, as technical problems allows the CAS to avoid linking governance reform to economic reforms and the disbursement of funds (Gasper 1996b).

The technical framing of issues also appears to facilitate the limitation of the discussion on the economic future of the country to a narrow set of officials, although the government they represent is acknowledged to have little legitimacy and credibility in the eyes of broad sections of the country's population (World Bank 1996g). The technical approach favored in the CAS does not raise questions

concerning possible problems of providing fresh loans to a government that, according to the Bank's own assessment, has only a weak commitment to poverty alleviation (World Bank 1995b).

The central question of how the proposed macro-economic reforms will affect the structure of power and wealth and the access to productive resources in the country has thereby been avoided. A response to this question, however, is pertinent, if not decisive, for the prospect of conserving the country's rich forests and biodiversity. Will the pressure to earn foreign exchange displace local people, including indigenous forest dwellers, whose livelihoods and culture depend on forest resources, when their forest lands are taken over by industrial forest exploitation?

The lack of public debate on the far-reaching macro-economic reforms contained in the CAS is likely to lead to further political disempowerment of the overall population who ultimately are the intended beneficiaries of the reform programme. An open discussion might have posed a challenge to the hegemony of strict neo-liberal economics by, for instance, considering the merits of a Keynesian strategy of enlarging domestic markets to generate growth. It might also have put forward a social justice agenda, tying economic reforms to income distribution and land reform.

The World Bank's belief in the inherent suitability of the CAS strategy leads to a situation where the consideration of possible alternatives is considered as heretical. Gasper explains that struggles to legitimize one base case and set of categories leads to a tendency to discredit possible alternatives and to the claim, that 'There is no Alternative' to the current policy (Gasper 1996b: 50).

In addition to the marginalization of Cameroonians, the CAS reflects the marginalization of social science and biodiversity expertise within the World Bank. There is a gulf between the institution's research and expertise in the environmental and social field and its macro-economic expert teams, which comes to the surface in the CAS. The latter maintain a strong upperhand relegating the 'soft sectors' of environmental and social expertise to enclaves away from decisions affecting large financial flows.

Notwithstanding this overall situation, the CAS is porous to new ideas and has the potential for openings. Its strong statements on the need for political reforms, including a call for greater freedoms for NGOs to operate effectively and

its references to social and environmental issues, fall outside of the traditional Bank focus on economic growth. More fundamental issues, however, such as whether the continued influx of fresh loans is conducive to bring about the needed political reforms, are not raised.

In this context, James Morton's case study on development aid in the Darfur region of Sudan raises a hypothesis which may have validity beyond his particular study area. He reaches the conclusion that because direct donor control is not feasible, donors use money as an incentive to make governments undertake reforms that the donors consider necessary:

"But money is precisely the wrong thing to offer as an inducement. It eases the only pressure inside the domestic economy that might bring about necessary policy changes. It provides foreign exchange, undermining the effect of the devaluation which is usually a key component of the policy reforms that are being proposed. Lastly, like all aid which must pass through government hands, it strengthens the government's position and so undermines the pressure to make government more accountable, which is the second key component of reform" (Morton 1996:30).

The CAS recognizes that a 'fundamental social transformation' may be required to achieve the needed governance reforms (World Bank 1996g:6). It does, not, however, consider the role of continued lending to the Government of Cameroon in achieving, or undermining, the social transformation that will allow these governance reforms to take root.

5.4.6 The CAS's Divorce from Biodiversity

Summarizing four years of World Bank research on participatory development, the Bank's Environment Department concludes "Development only works... if it can be environmentally and socially sustained. And it is only sustainable if it speaks with the voices of the people whose lives are being touched: participatory development, tapping into their knowledge, organization, norms and motivations" (World Bank 1996d:17). World Bank social scientists emphasize that the empowerment of local peoples and communities is critical to biodiversity conservation (GEF 1993). Furthermore, the Bank's own research establishes the need for economic programmes to pay attention to biodiversity concerns "Hence,

the conservation of biodiversity depends in large measure on how well policies and programmes in the economic sectors manage to address biodiversity" (World Bank 1995a:I).

Considering the impacts of its macro-economic reform programme on biodiversity represents a challenge the CAS is not willing to take up. There are several hypotheses on the ways in which the macro-economic reforms promoted through the CAS may have an impact on biodiversity none of which receive specific attention in the CAS:

- (1) the impact of 'vigorous export promotion' in which raw logs from Cameroon's primary moist tropical forest play a leading role.
- (2) World Bank programmes inherently influence the "enabling environment" for biodiversity conservation by strengthening or weakening different agencies and actors within the state. A vastly reduced and weakened civil service, which includes the forestry agencies, may have impacts on long-term forest management and the sustainable use of a variety of forest products.
- (3) the potential implications of increasing poverty of both rural and urban populations on forests and biodiversity. If economic and political empowerment of indigenous peoples and other forest-dependent people promotes their well-being and the protection of biodiversity, as World Bank social scientists state (GEF 1993), then disempowerment and growing poverty may lead to the opposite effect. World Bank annual reports and other publications commonly establish the connection between poverty and environmental degradation, but not the CAS for Cameroon (World Bank 1989c, 1991a, 1992a, 1994f).

Instead of considering its possible implications for the environment and biodiversity, the CAS refers to other Bank-supported initiatives that address these issues. The World Bank implemented GEF biodiversity protection project and a National Environment Action Plan (NEAP) for Cameroon, which was drawn up with Bank support, are the other principal initiatives. In addition, the CAS refers to the new forestry code which is listed as a major achievement of structural adjustment programmes. The CAS describes the new forestry code for Cameroon as a reform effort which includes provisions aimed at increasing transparency in the attribution of concession rights and setting 'the right prices' for timber. The final sections of this chapter analyse the new forestry code and the structural adjustment programmes in which it is embedded.

Despite Bank claims that the environment and biodiversity are central to the CAS (World Bank 1996e), the CAS for Cameroon has divorced itself from

these considerations and assigned them to the isolated enclave inhabited by environmental and social scientists.

5.4.7 The Bank's Long-Term Role and Institutional Self-Interest

The CAS states that the World Bank has been actively engaged in development activities in Cameroon since 1967 (World Bank 1996g:13). In 1991, the Bank's portfolio in Cameroon included 14 active IBRD projects, the majority of which encountered severe problems leading to their closing or restructuring. As of the writing of the 1996 CAS, three IBRD and two IDA projects remained in the Bank's Cameroon portfolio. The problems which were common 'to virtually all sectors' are described by the CAS as due to different types of mismanagement problems on the part of Cameroonian government authorities (World Bank 1996g:16).

From this point of view, the projects were inherently good, only the Government was incapable of handling them correctly. There is no mention of attempts to reach a more in-depth understanding of the possibility that project design, perhaps the absence of equity considerations or of clear mechanisms of accountability, could bear a share of the responsibility in the failure of these projects. Questions such as whether greater public participation and transparency in the design and implementation of the project, *i.e.* adherence to World Bank stated policy commitments, could have led to better results, remain unanswered.

The funds disbursed for these failed projects have further increased Cameroon's foreign debt and since the loans were made from the Bank's hard loan window (IBRD), the interest rate is close to market interest rates as opposed to much lower rates of concessional development funding. Unlike a private commercial bank that has to take a loss if it lends for a failed project, the World Bank is shielded from the rigors of the marketplace. Its status as a 'preferred creditor', usually guarantees that the World Bank gets repaid for its loans independent of their performance.

The World Bank's focus on adjustment lending to help Cameroon service its foreign debt is illustrated in the table below which lists past, present and planned lending to Cameroon. The 'Fifth Dimension' category specifically

represents IDA loans to Cameroon for the repayment of interest on previous IBRD loans.

Cameroon - Bank Group Fact Sheet Fiscal Years 1993-1998

IBRD/IDA Lending Programme, FY 96-FY 98

Category	FY 1993	FY 1994	FY 1995	FY 96-FY- 98
				Planned
<u>Commitments (US\$ millions)</u>		176	86	472
Sector(%)				
Education	-	-	-	2
Health	-	-	50	-
Human Resources	-	-	-	4
Non-sector(a)	-	100	38	79
Public Sector Management	-	-	-	2
Transportation	-	-	12	13
TOTAL	-	100	100	100
Lending Instrument (%)				
Adjustment Loans		100		64
Fifth Dimension	-	-	38	15
Specific Investment Loans and others	65	27	15	100
TOTAL	-	100	100	100

(continued on next page)

Disbursements (US \$ millions)				
Adjustment Loans	-	103	112	300
Fifth Dimension	-	51	33	72
Specific Investment Loans and others	65	27	15	100
Repayments (US \$ millions)	32	105	94	268
Interest (US \$ millions)	32	92	60	142

Fig. 5.2 World Bank Group Fact Sheet for Fiscal Years 1993-1998

Source: Memorandum of the President of the International Development Association to the Executive Directors on a Country Assistance Strategy of the World Bank Group for the Republic of Cameroon. Annex A 2. 1996

This table provided in the 1996 CAS for Cameroon shows both commitments and disbursements for Cameroon during the 1993-98 period. The discrepancy between commitments and disbursements can be due to numerous reasons such as a delay in the preparation of a specific investment project. The figures are not entirely clear such as the one in column five (FY 98-FY-98) on the previous page under 'Specific Investments Loans and others' which lists as being of 100%. Given that the expenditures for 'Adjustment Loans' and 'Fifth Dimension' are 64% and 15% respectively, the percentage for 'Specific Investment Loans and others' should be the difference between 79% (64%+15%) and 100%, *i.e.* 21%. However, the overall picture drawn by this table is one where the vast majority of lending is for structural adjustment and 'Fifth Dimension' loans, the latter of which represent new IDA loans to repay old IBRD loans with only a small amount of the resources dedicated to expenditures for health and education.

The table reveals a crisis situation in which financial resources are used to service creditors and few resources are left for investments in social sectors. Emery Roe found that "Crisis narratives are the primary means whereby development experts and the institutions for which they work claim rights to stewardship over land and resources they do not own" (Roe 1995:1066). The CAS's story of Cameroon's crushing debt is a crisis narrative and its emphasis on extracting and

exporting primary commodities as the main way out of the crisis indicates that Roe may have made a valid point.

It is necessary to keep the broader World Bank context of the CAS for Cameroon in mind. A potential default by the Cameroon government on its World Bank loans can potentially threaten the World Bank's top credit ratings on international financial markets, especially if it encourages other governments to default as well. Lower credit ratings in turn would hamper its ability to borrow money on relatively favourable rates from these markets and reduce its lending abilities, thereby ultimately threaten its *raison d'être*.

The CAS does not explicitly establish this context but states that a failure to implement the proposed macro-economic reforms will make it increasingly difficult for Cameroon to "...service its external debt, even to preferred creditors" (World Bank 1996g:9). Concern about a default on Cameroon's debt is heightened by recent experience, because between 1989 and 1993 Cameroon accumulated arrears on all its commercial and bilateral debt and, according to a 1995 World Bank report "...so far only the Bretton Woods Institutions have collected debt service payments in full but with substantial delays" (World Bank 1995f:7).

As referred to earlier in this chapter, the audience for the CAS is the Bank's Board of Executive Directors, which represents the shareholders of the World Bank. The goal of avoiding potential arrears or even defaults on World Bank loans is of primordial interest to the shareholding governments since they are the ultimate guarantor of loans contracted by the Bank on international capital markets. In case of default, they would be called upon to satisfy the lenders. This may in part explain the Board's reluctance to delve into deeper underlying issues which might ultimately threaten the repayment of Bank loans. In addition, time constraints and the large quantity of material that the Bank's Board has to deal with, make detailed Board discussions about a specific CAS or project a rare event. Although questions may have crept up in the minds of Board members about the unquestioned validity of the neo-liberal assumptions underlying strict macro-economic reforms, there is as of now no 'alternative development narrative' that would help bureaucrats and policy-makers to make sense of macro-economic uncertainties and that could be turned into a broadly applied approach (Roe 1991).

5.5 Cameroon's New Forestry Code and Structural Adjustment

The World Bank has worked towards influencing the management of Cameroon's primary moist tropical forests through a set of separate provisions which were part of consecutive structural adjustment operations. The overriding stated goal of the Bank's efforts is to put in place a framework for biodiversity conservation and forest management with local participation (World Bank 1994b:11). To achieve this goal the forestry code reform provisions aim at putting timber exploitation in Cameroon on a more sustainable footing by promoting the transparency of business transactions in the sector and increasing government revenue from timber exports. As referred to in the previous section, the CAS lists the reform of Cameroon's Forestry Code amongst the achievements of structural adjustment (World Bank 1996g:6).

Since the policy reforms promoted through structural adjustment programmes by themselves can have impacts on forest ecosystems and biodiversity, it is necessary to separate the analysis of structural adjustment on its own terms from its more specific provisions on forestry code reforms. The two parts may be mutually reinforcing, they may be neutral towards each other or one may be subverting the goals of the other.

Documentation on specific World Bank structural adjustment programmes is highly confidential and the programmes as negotiated with the governments rarely find their way into the public domain. There is, however, publicly available general information on both structural adjustment and Bank proposals for reforming Cameroon's forestry code. In addition, several internal World Bank documents were made available to the researcher.

This section begins by examining the general discussion of the potential impacts of structural adjustment operations on the environment, forest ecosystems and biodiversity. It then turns to documentation of the impacts of structural adjustment on Cameroon's moist tropical forest. The third part examines the politics of the reform of Cameroon's Forestry Code, its specific provisions and their implementation.

5.5.1 Structural Adjustment and Environmental Impacts

The 1987 Report by the World Commission on Environment and Development (WCED) called attention to World Bank structural adjustment

programmes and their impacts on the environment (WCED 1987:78). Referring especially to resource-based sectors such as agriculture and forestry, the report calls on the World Bank to take sustainability considerations into account in its structural adjustment operations.

The economic policy reforms promoted under structural adjustment usually consist of a mix of currency devaluation, reduced public spending, trade liberalisation, increased taxation and promotion of foreign investment. The economic and social changes brought about by these policy changes may have direct and indirect influence on the natural environment. How the impacts of these economic policy reforms on the environment can be measured continues to be the subject of considerable debate. A key reason why establishing a causal relationship between structural adjustment programmes and the environment is a thorny problem is that in methodological terms it is difficult to define the counterfactual baseline of "no structural adjustment", *i.e.* what would have happened in the absence of structural adjustment programmes.

The World Bank's 1994 report on adjustment in Africa recognises that economic reforms which change relative prices, such as a devaluation of the exchange rate or the switch to market-determined prices for agricultural products and privatization, can change the incentives for resource use and conservation (World Bank 1994c:175). The overall position of the report is that structural adjustment programmes promote economic growth, which reduces poverty and, given the assumption that poverty causes environmental degradation, also benefits the environment. However, when the report specifically considers the environment, it concludes that there is insufficient empirical research on the precise interaction between economic and environmental changes. Some policy reforms promoted through structural adjustment, such as reductions in pesticide subsidies, may lead to positive environmental impacts, while others, such as the promotion of timber and agricultural products exports, may damage the environment. Other research reaches similar conclusions, namely that the correlation between structural adjustment programmes and the environment remains ambiguous (Reed 1992).

The question of debt and deforestation is a subset of the more general issue of how policy reforms affect the environment. It appears again that no easy conclusions can be drawn from the macro-economic framework for deforestation.

A 1997 case study on Ecuador considers the opposite scenario by analysing the relationship between a large influx of oil boom money and deforestation. The study concludes that the boom in foreign exchange receipts helped finance the Ecuadorian government's strategy to build infrastructure and expand the agricultural frontier and thereby increase deforestation (Wunder 1997). Therefore, if debt and deforestation might be positively related, the opposite scenario of a large financial influx leading to deforestation may also apply.

Another study based on the review of 140 economic deforestation models highlights a few variables and causal relations involved in deforestation, concluding that deforestation tends to increase when road-building makes forests more accessible, when agricultural prices are higher, rural wages lower and when there are more opportunities for long-distance trade. The impact of other variables, such as technological change in agriculture, tenure security and household income, is not clear (Angelsen & Kaimowitz 1997).

The complexity and geographic variability between macro-economic adjustment and deforestation makes generalized conclusions difficult to sustain. Even in a specific country context, the relationship of a particular policy reform to environmental impacts may not be traceable in an unambiguous manner.

5.5.2 Specific Impacts in Cameroon

This section analyses the hypotheses put forward in the section about the Cameroon CAS, namely that there are three main ways in which structural adjustment can potentially affect the environment in the Cameroon country context:

- (i) the impact of 'vigorous export promotion' in order to service debts and ultimately achieve balance-of-payments equilibrium;
- (ii) the influence on the 'enabling environment' for forest and biodiversity conservation by strengthening or weakening different agencies and actors within the state;
- (iii) the potential implications of increasing poverty of both rural and urban populations on forests and biodiversity.

Concerning (i), the key to export promotion in Cameroon was the devaluation of the country's currency. In January 1994, the parity of the F CFA,

which is tied to the French Franc, was changed from CFA 50/ FF1 to CFA 100/ FF1. As a result, the terms-of-trade for timber improved by 50%. With an estimated deforestation rate of 0.6%, Cameroon already suffered a high annual rate of deforestation prior to the devaluation (World Resources Institute 1994-95). A comparative study on the impact of structural adjustment on forests in Indonesia, Bolivia and Cameroon concluded that when timber already plays a key role in a country's exports, then devaluation puts additional pressure on forests (Kaimowitz et al. 1997). This was the case in Cameroon which produced 34% more logs in 1994 after the devaluation than in 1993 (Kaimowitz et al. 1997).

Concerning (ii), across the board reductions in government spending cannot but diminish the government's ability to manage the country's forests or to establish the capacity for doing so in the first place. While the decline in the effectiveness of Cameroon's Forest Service is not wholly attributable to structural adjustment, cuts in government spending have aggravated the Forest Service's operational problems. Cameroon's Forest Service had slightly more control over logging activities before the public sector entered into severe crisis and the country began to depend heavily on timber exports.³ The institutional weaknesses preceded structural adjustment programmes but were further aggravated by them. The overall result is that, at present, logging operations are not supervised, forest rent is not collected and there is little incentive for logging companies to invest in limiting the damage to the forests from logging (Tschoungui et al. 1996).

Concerning (iii), prior to the devaluation, the World Bank concluded that structural adjustment programmes were having significant social impacts. A major negative impact was a significant increase in unemployment created through civil service reform, massive lay-offs and reduction in salaries. In addition, a reduction in producer prices led to a fall in farm income by 40-65% and reductions in health and education expenditure led to adverse consequences for vulnerable population groups (World Bank 1995f:32). Some of these consequences were to be remedied through a separate "Social Dimensions of Adjustment Program", which, according to the Bank's own evaluation report, ended in failure as a result of the government's lack of commitment to addressing with poverty issues (World Bank 1995b).

³ Interviews with Enviro-Protect and other NGOs in Cameroon, as well as with officials in MINEF, the Ministry for Environment and Forests, 1997 and 1998.

Following the devaluation, the World Bank expects improvements for those sectors of the rural population that are producing for the tradable sector. Furthermore, the liberalization of the economy and the increase in international competitiveness is expected to lead to higher income levels and new opportunities for all social groups over time. However, while producer prices for coffee and cocoa improved after the devaluation, a new export tax on coffee and cocoa, the collapse of government technical, financial and marketing services for tree crops and the removal of input subsidies, have limited the potentially positive effects of the devaluation. As a result of the collapse of government services, more intensive land-use was not possible and the pressure on forests further increased as Cameroon's farmers needed to clear more land for commercial swidden agriculture (Kaimowitz et al. 1997). Additional pressure on forests and wildlife resulted from the fact that large numbers of village extension workers in rural areas became unemployed and had few options to make a living other than illegal hunting or cutting trees in forest reserves (Tchoungui et al. 1996).

When peasants can no longer use their traditional lands because these are used for export crops, they move deeper into forests to obtain land (Lensink 1996). A variation of this problem holds true for Cameroon's indigenous Baka people, who are displaced by increasing logging activities from their ancestral forest lands and are moving in larger numbers into protected areas.⁴

Environmental experts at the World Bank were aware that the devaluation would lead to increased deforestation and loss of biodiversity unless accompanied by special measures, but they had little influence. One official recalls: "I still remember calling a meeting in early 1994 to discuss the impact of the CFA devaluation on Central and West African forests, and the need for mitigating measures: forest fiscal reform, improved concession inspection and tax recovery. Twenty-five Bank staff attended, including environment and natural resource management specialists, agricultural division chiefs, but not a single country economist. Apart from the obvious environmental issues, we are talking macro-

⁴ Interviews with Baka people as well as staff of the IUCN Dja Project in south-eastern Cameroon, May 1997.

economic issues here, as in hundreds of millions of dollars of rent thrown to the dogs!"⁵

The empirical evidence indicates that some of the negative impacts described above preceded the structural adjustment programmes. The literature and interviews however, indicate that since the policy reforms promoted under structural adjustment did not take environmental considerations into account, structural adjustment led to a further aggravation of environmental deterioration.

5.5.3 The Genesis of the New Forestry Code

The Bank's support for the reform of Cameroon's forestry code is the centre piece of its environmental strategy for Cameroon. It is based on the recognition that Cameroon's long-term development depends on "...an efficient management of natural resources and the environment sector" (World Bank 1994b:21). As such it introduces a far-reaching goal: create a framework for biodiversity conservation and forest management with local participation (World Bank 1994b:11).

The critical issues for the Bank are increased transparency in the sector and improved revenue collection for the government. These are difficult and delicate issues to tackle since the timber sector provides politicians with an important source of patronage income and any increase in transparency is considered a threat to the existing power structures (Ekoko 1995).

The World Bank discussions with the Government of Cameroon on the need for reforming the country's Forestry Code began in the early 1990s. After the 1994 devaluation, Cameroon was no longer considered creditworthy for IBRD loans and became eligible for IDA funding. Subsequently, a structural adjustment credit on more favourable IDA terms replaced the third tranche of a 1989 IBRD structural adjustment loan. The new structural adjustment credit contained conditions regarding the completion of forestry policy reforms that had already been discussed unsuccessfully with the government in previous years. While the World Bank and the Government came to agreement on a draft of a new forestry code, a debate about the draft in Cameroon's parliament led to substantial revisions. The Government promulgated a new forestry code in January 1994 which incorporated these revisions. This revised version, however, was not

⁵ Interview with World Bank environmental expert June 1997

acceptable to the Bank. The Bank's objections concerned the lack of transparency of proposed procedures for awarding logging concessions, the role of state intervention which was considered to be excessive and a proposed ban on log exports which was considered to lead to perverse economic incentives (1995f:5).

The political maneuvering behind the scenes in Cameroon's parliament is unclear even to close observers in Cameroon (Ekoko 1995). The election of Cameroon's parliament in 1992 had been boycotted by major opposition groups and the parliament is not considered to be a broadly representative body. What is clear, however, is that the World Bank did not expect possible opposition from parliament. In order to circumvent possible parliamentary stumbling blocks in the future, the Bank suggests alternative ways of promoting forestry code reforms "...using pre-existing legislation, regulations or administrative actions to accomplish the same results" (1995f:vii).

Following the Bank's rejection of the new forestry code, the government added amendments to bring the forestry code back into conformity with the earlier draft that the World Bank had accepted. The Government also adopted an implementation decree for the forestry code which was a pre-condition for the Bank's next structural adjustment loan, the Economic Recovery Credit of June 1994 (World Bank 1995f).

5.5.4 The Contents of New Forestry Code

One of the main pillars of the new forestry framework is its insistence on transparency in the allocation of logging concessions. The Bank's plan is to move away from arbitrary concession allocations to a system of competitive bidding for concessions. In order to avoid collusion, the Bank's recommendation is that the bidding should be open to international as well as local firms, local communities and NGOs (Grut et al. 1991).

Another pillar of forestry code reform is the scope and length of concessions. The Bank wants concession areas to cover 500,000 hectares and have a duration of twenty five years. It is believed that this would give the concession owners the necessary incentives to manage their concessions rationally and to invest locally. Smaller concession areas granted for shorter periods of time are

considered to be an invitation to rapidly 'mine' the forest. For example, if concession periods are brief, it would not be in the concessionaire's self-interest to exercise care during logging operations in order to avoid damaging younger trees (Nguiffo-Tene 1994).

Simplification of the existing forestry tax system is a priority for the Bank. It proposes replacing a host of complicated tax measures with a simplified and transparent system of utilizing fob (free-on-board) prices as the bases for tax calculations. Although the new system represents a reduction in tax rates, the application of real fob prices is expected to lead to a significant increase in government tax revenues from timber exports.

At the request of the World Bank, the new forestry code contains provisions for the establishment of community forests. Article 30 of the new forestry code gives local communities in Cameroon the possibility of obtaining the legal right to managing their traditional community forests for the first time. However, the law does not foresee the granting of property rights to the communities since the state remains the *de jure* owner of the forest (Egbe 1997). The law's provisions on community forests specify that local communities must present detailed management plans to the government before they can be granted legal title to their community forest. This requirement presents a serious obstacle for local communities since few communities would be able to shoulder the costs or mobilize the resources to draw up detailed maps, prepare complete inventories of all the resources in the forest and obtain the seal of approval of a certified agency (Penelon 1997).

Using Blaikie's matrix of three distinct approaches to biodiversity conservation, the 'classic', the 'neo-populist' and the 'neo-liberal economic' approach (Blaikie 1995), the Bank's support for forest and biodiversity conservation in Cameroon's new Forestry Code contains both 'neo-classical economic' and 'neo-populist' approaches. The former is represented in the bidding process for concessions, which is to lead to prices that reflect the value of the forest, and a tax system which is to serve as an incentive for forest conservation. The 'neo-populist' approach is represented by opening the bidding process not only to foreign and local companies but also to communities and NGOs, as well as by the forestry code's provisions for community forests.

5.5.5 Implementation of the New Forestry Code

Cameroon's system of arbitrary allocation of forest concessions is a source of power and wealth for politicians. Given the Bank's traditional claim of non-interference in internal political affairs, its attempt to clean up corruption in Cameroon's forest sector represents a new willingness to tackle the root causes of economic, social and environmental problems.

The World Bank's efforts to introduce transparency into Cameroon's forestry sector, to make logging companies pay taxes and move them towards sustained yield practices in their concession areas have the potential to improve the status quo in the forestry sector. The Bank's insistence on including provisions for the establishment of community forests in the forestry code have created a legal basis which could lead to local community empowerment and stewardship over biodiversity.

In practice, however, the provisions in the new forestry code do not unambiguously advance social and environmental objectives. While presenting an improvement over the present situation, they fall short of creating the framework for biodiversity conservation and sustainable forest management with local participation, which the World Bank had intended to put in place (World Bank 1994b).

While the World Bank believes that competitive bidding helps reflect the value of the concession areas, Bank research also indicates that forestry concessions will not ensure the production of non-market, public or collective benefits, such as watershed protection and erosion control benefits as well as common property benefits of non-timber forest products and biological diversity (Grut et al. 1991: 41). Competitive bidding for concessions and increasing the length of concession periods do not ensure that concession holders will protect biodiversity.

Given the institutional weakness of Cameroon Forestry Service, the large size of the concession areas promoted by the World Bank will make effective monitoring and control of logging practices very difficult. In the absence of effective government forestry services and an empowered local population, there appears to be little incentive for logging companies, which have to function in a competitive international market place, to invest in costly forest conservation measures. Bank research confirms that most concessionaires operating in West

and Central Africa are unwilling to assume forest management responsibilities (Grut et al. 1991).

In theory, higher forest fees and collection rates could provide funding for the Forestry Service to monitor and control logging operations and to work towards the protection and regeneration of forests. In practice, it is unclear if the increased revenues will help cover the recurrent costs of the Forestry Service and strengthen its operations.

The forestry code's provisions for the establishment of community forests are too cumbersome and costly for most local communities and legal rights to their traditional forest lands continue to be beyond their reach. At present, it appears that mostly small Cameroonian logging companies which sell their timber to large international companies, are using the legal provisions for community forests to obtain additional logging areas.⁶ The offer of opening-up the bidding process for concessions to local communities represents a misreading of power relationships in Cameroon, where local communities usually do not have the resources to compete with transnational logging companies.

Although the environmental and social aspects of the forestry code remain weak, the forestry code's push for increased transparency in the timber sector is politically strong and therefore opposed by powerful Cameroonian politicians who stand to lose a lot if minimal reforms are widely applied in practice. Three years after the adoption of the new forestry code through Government decree, its application has been very limited. The collection and monitoring of forestry taxes is not adequate and the Government has not been able to explain 'shortfalls' to the World Bank. The bidding process for concession areas still has to prove itself workable. There is little progress in the establishment of genuine community forests.⁷ The impact of the new forestry code has been described as: "Decrees and laws that protect the interests of some foreign companies, juicy contracts, shares in privatized companies, and logging concessions for allies" (Ekoko 1995:5). The World Bank recognizes the fundamental short-comings in the implementation of the forestry code and as a result is preparing a new loan for a 'Forestry and

⁶ Interviews in Cameroon with representatives of Cameroonian and international NGOs., May 1997.

⁷ Interviews with World Bank officials in Washington, D.C. and with NGOs in Cameroon, 1997, 1998.

Environment' project to assist the Government with implementation of the forestry code (World Bank 1997c).

5.6 Summary

The Bank's policy dialogue with Cameroon produces a geography of development that is depoliticized and compartmentalized. The confidential nature of the CAS and SAP documents keeps them out of the public domain and the lack of public debate facilitates what Gasper has termed 'prescriptive essentialism,' which holds that a policy measure is inherently appropriate (Gasper 1996a). As a result there is little room in the World Bank's policy dialogue for a plurality of values and ways of thinking about specific policy issues. The depoliticization of vital issues has been identified as a central feature of development discourse (Ferguson 1994, Crush 1995) and it characterizes the Bank's policy dialogue with Cameroon. Both the CAS and Structural Adjustment Programmes (SAPs) for Cameroon frame the central issues as representing technical problems requiring technical solutions, which the World Bank can supply.

The technical framing of the issues promotes their compartmentalization. Despite the World Bank's public policy statements which require that environmental considerations be central to the CAS, the CAS is able to relegate biodiversity and social concerns into separate spheres which are marginal to decisions on major economic issues and on financial flows. The economic crisis and environmental degradation are viewed as unrelated issues. The SAPs ignore their possible negative impacts on Cameroon's environment, in particular the country's moist tropical forest, by implying that the environment is a separate sector, which the Bank is addressing through efforts in assisting the Government of Cameroon with reforming its forestry code.

The depoliticization and compartmentalization of the issues at the operational level may be part of the explanation for the gap between public Bank statements and the practice that emerges from the Bank's policy dialogue with borrowing countries. On the one hand, the institution describes its strategy for Africa as one requiring "...a highly participatory approach - less top down, more bottom-up than in the past - which effectively involves local people, especially at the village level, in the decisions that directly affect their lives" (World Bank 1989: 59). On the other, it limits its discussion of fundamental questions regarding a

country's strategy for development to only a limited set of finance ministry officials representing a government, which the Bank acknowledges not to have legitimacy in the eyes of the general population in Cameroon (World Bank 1996h).

Wade describes the Bank's situation as one of 'massive mission overload'. The Bank adopts new issues such as biodiversity protection and the promotion of local participation as gestures which are made for legitimacy reasons but which are largely ineffective at the operational level (Wade 1997a,b).

The 'mission overload' and search for legitimacy are symptoms of internal challenges which indicate, as Crush suggests, that development discourse is not hermetically sealed (Crush 1995). There are openings which allow for interventions of a political nature, *e.g.* the Bank's efforts in reducing corruption in Cameroon's timber sector as part of its support for reform of the country's forestry code. A main channel for internal challenges to surface is through the Bank's Board of Executive Directors, which represents the shareholding governments. It is largely through actions taken by several members of the Bank's Board that the Bank is taking an interest in 'governance' questions and has made biodiversity and other environmental and social issues central to its development discourse. These political channels have generated the beginnings of a new framing for policy issues which still needs to be translated into operational practice.

The present organizational structure of the World Bank allows for a 'decoupling' of development discourse and practice (Wade 1997a). The explanation for this 'decoupling' must contain multiple layers of analysis and some of the analytical tools which can be employed in its understanding are described in chapter 3. On the organizational side, the relative position of the economic profession as compared to staff from other disciplines within the Bank, the role of staff incentives, the institutional culture and other characteristics may all be relevant to the 'decoupling' of stated policy from operations.

This chapter focuses on what the World Bank terms policy dialogue, the development of a country assistance strategy and structural adjustment lending. The following two chapters examine World Bank and GEF activities at the project level, which are subject to a more specific set of mandatory World Bank policies. After contrasting the results of the three case studies with the institutions' own internal evaluation reports, chapter 9 will gather the multiple strands and present

the overall analysis of the political and institutional mechanisms which explain the gaps between stated policy commitments and the institutions' operational practice.

CHAPTER 6

BIODIVERSITY IN INFRASTRUCTURE DEVELOPMENT PROGRAMMES

6.1 Introduction

The previous chapter analyses how the World Bank's stated policy commitment to integrating biodiversity considerations into all its activities is reflected in the World Bank's Country Assistance Strategy and structural adjustment lending for Cameroon. This chapter examines the preparation of two large infrastructure development projects with significant potential environmental impacts on Cameroon's moist primary forests which both the World Bank and the GEF consider to be home to globally important biodiversity. It analyses how World Bank biodiversity-related policies are being taken into consideration at the critical stage of project preparation and the key factors which influence the degree to which these policies are being adhered to.

Political ecology thinking emphasizes that environmental problems have important political and socio-economic dimensions in which a variety of social actors with vastly different access to political power pursue different goals. In the two projects analysed in this chapter, the social actors include international financial institutions, the Cameroonian state, transnational corporations as well as local farmers and vulnerable ethnic minorities. The focus here is on one actor, the World Bank, because of its status as a powerful global institution and its potential role as arbiter between the global and local geographic scales. While the World Bank works through states or transnational corporations, its biodiversity-related policies include a commitment to the empowerment of local communities in biodiversity-rich areas which often live in remote areas and removed from access to political power.

The analytical tools being used are borrowed from political science and the areas of sociology and economics concerned with theory of organization. The realist approach of political science theory, which holds that international financial institutions have to be understood in terms of the interests of their principal shareholders (Ascher 1983, Vaubel & Willet 1991), will be tested in the context of the two infra-structure projects being analysed in this chapter. Its explanatory

power, though, is limited. Tools from theory of organization provide additional insights on international financial institutions as self-interested political entities in their own right (Le Prestre 1986, Vaubel 1991, Dillon, Ilgen & Willett 1991).

In addition, the analysis of the two specific projects in this chapter reveals a dynamic situation in which the relative weight of intra-organizational relationships between the World Bank's Board of Executive Directors, Senior Management, operational departments and technical (environmental) departments can shift. This indicates that there is room within the organizational structure for reforms to improve policy implementation.

The first project is a Transport Sector loan, which was approved by the World Bank's Board of Directors in 1996. Its stated objective is to provide technical support and financing for various transport sector initiatives, including railways, port development, civil aviation and rehabilitation of a priority road network. The project anticipated no major adverse environmental impacts and therefore no environmental impact assessment was carried out.

The second project is a proposed oil pipeline which is to transport oil from production fields in southern Chad to the Atlantic coast traversing 880 kilometers of Cameroonian territory, including forest areas that are considered to be very rich in biodiversity. As of the time of the writing of this chapter, the World Bank's Board had not yet approved the loan for the project. Preparatory work, however, including the environmental impact assessment for the project, had largely been completed.

The analysis of the existing and publicly available information provides insights into the degree to which World Bank policies have been adhered to during the preparation of both projects. A key difference between the two projects is that the Transport Sector loan received little public attention until after completion of project preparation and shortly before it was submitted to the World Bank's Board of Directors for approval, while public scrutiny in the preparatory stages of the pipeline project is extensive in several of the World Bank's shareholding countries. The analysis of the Transport Sector loan is largely based on existing documentation, including a variety of internal World Bank memoranda and interviews with Bank staff. The analysis of the planned Chad/Cameroon Oil pipeline is based on World Bank and Oil Consortium documents, including the

environmental impact assessment and interviews. It is complemented by field research on the implementation of World Bank policies in Cameroon.

6.2 The Transport Sector Loan

In May 1996, the World Bank approved a \$ 60.7 million IDA loan for Cameroon, which represents the Bank's share in an investment of \$ 664 million for a transport sector programme co-financed by other donors, mainly the European Union and French bi-lateral assistance programmes (World Bank 1996i). The Cameroon Transport Sector project involves support for state divestiture from transport operations, improvement in the regulatory framework as well as maintenance and rehabilitation of a priority road network. The development and implementation of a sector policy to protect the environment is also listed as a stated objective of the project (World Bank 1996i:11).

The key document of the project is the Staff Appraisal Report which contains detailed project information and is the document presented to the Bank's Board of Executive Directors as the basis for its decision on loan approval (World Bank 1996j). According to the World Bank's Procedures on the Disclosure of Operational Information (Shihata 1994: 357), the Staff Appraisal Report (SAR) is not available to the public until after loan approval and then only after the borrowing government has had the opportunity to exclude information it deems to be of a confidential or sensitive nature. As a result, public input into the design of a project is made very difficult, especially, as is the case here, when no environmental assessment has been carried out.

In addition to addressing questions of the privatization of public enterprises in the civil aviation, maritime and urban transport sectors, the project plans to contribute to the financing of the maintenance and rehabilitation of 13,783 kilometers of both paved and earth roads which are part of a priority road network. The stated goal of the project is to put in place a more efficient and cost-effective transport system to benefit the rural poor by providing them with better farm-to-market roads (World Bank 1996i:2). A more detailed explanation of the rationale for World Bank funding is presented later in the document listing three World Bank priorities, where helping the poor by providing easier access to markets is left unmentioned: (1) stabilization of public finances; (2) creation of an environment conducive to private sector development; and (3) alleviation of

poverty. The latter is to be achieved through labour-intensive methods in road rehabilitation works (World Bank 1996i:44).

The Staff Appraisal Report (SAR) does not specify which roads out of the priority network are to be rehabilitated with World Bank funding and states that these will be determined after consultation with the beneficiaries (World Bank 1996i:38). Only the maps, which are attachments to the SAR, provide information on the location of the priority road network. They also indicate that several road segments to be rehabilitated under the project are in Cameroon's south-eastern and coastal rainforest.

The most salient of these road segments into biodiversity-rich areas are the Gari Gombo to Moloundou road, which is located near the site of a GEF-financed protected area, and the Abong Mbang to Lomié road, which borders on the Dja Wildlife Reserve, a UNESCO World Heritage Site (fig. 6.1). The focus of the present analysis is the 131 kilometer long Abong-Mbang to Lomié road, as there is extensive documentation on the environmental impacts that improvement of this road might cause. This documentation was produced in 1993 in the course of a detailed environmental impact assessment commissioned by the African Development Bank, a regional sister bank of the World Bank. In addition, the road is known to the author who first visited the area in 1990 and then again in 1997 (fig. 6.2). The Abong Mbang - Lomié road segment which traverses an area of largely intact moist tropical forest is located in the traditional homeland of Baka people, who are commonly referred to as Pygmies. Wildlife in the area includes forest elephants, chimpanzees, gorillas, mandrills and bongos, all of which are threatened by poaching by outsiders. The sale of bushmeat is a lucrative business as meat from wild animals is considered a delicacy in the urban markets of Douala and Yaoundé (World Society for the Protection of Animals 1995).

Along Mbang – Lomié Road in 1990 (K.Horta)



Fig. 6.2 Along Mbang-Lomié Road 1990

The World Bank did not carry out an environmental impact assessment for this loan. As a result, no information on the project was publicly available aside from a brief "Project Information Document"(PID) which does not contain specific information on the road rehabilitation component of the project and which classifies the project as a category B project, *i.e.* a project without major adverse environmental impacts.

While no environmental assessment was deemed to be necessary, the Staff Appraisal Report refers to a mitigation plan to address environmental issues in road maintenance which would be carried out under a separate Transport Sector Technical Assistance project. This mitigation plan would also include guidelines for the integration of environmental considerations into road rehabilitation projects (World Bank 1996i:35).

6.2.1 A Precedent-Setting Case

In June 1993, the African Development Bank (AfDB), a regional development bank with headquarters in Abidjan, Côte d'Ivoire, considered financing the rehabilitation of the Abong Mbang-Lomié road. Prior to approving the respective loan, the AfDB completed an environmental assessment (EA) for the project. On the basis of the recommendations of EA, the AfDB decided against financing the project.

The central findings of the EA were that the sphere of influence of the rehabilitation of the road would extend beyond the immediate project area. It concluded that rehabilitation of the Abong Mbang-Lomié road would have an impact on the south of Cameroon's eastern province as a whole, *i.e.* an area of about 6 million hectares (60,000 km²) of a largely intact natural and social environment (African Development Bank 1993:27). The EA noted that according to local forestry operators, rehabilitation of the road would provide access to 200,000 hectares of forest to the south and east of Lomié and would therefore facilitate greater timber production from another 100,000 hectares east and west of the road (African Development Bank 1993:122). As a result of road rehabilitation, timber companies would see significant reductions in transport costs. The EA adds that negative environmental and social impacts of logging activities are already beginning to manifest themselves in the region, including significant negative impacts on the Baka people who are estimated to number between 20,000 to 35,000 in the south-eastern forests. Where logging is already a major factor, the Baka are losing their traditional way of life, which is leading to alcohol abuse, prostitution, lack of adequate protein (from declining wildlife populations) and other health problems (African Development Bank 1993:135). The Baka are semi-nomadic, during the rainy season they live dispersed in the forest and during the dry season they return to the small villages along the existing Abong Mbang-Lomié earth road. Their settlements along the road are still characterized by traditional Baka constructions, domed huts covered with leaves, although mud houses are now being constructed more frequently in imitation of Bantu construction technology (fig. 6.3).

Houses along the Abong Mbang-Lomié Road (K.Horta)



Fig. 6.3 Houses along the Abong-Mbang-Lomié Road

According to the EA, a majority of local people favour improvement of the road, but they do not have information on the plans for the road rehabilitation project. Above all, they are unaware of the expropriations in store for them. In the mind of local people, an improved road will improve travel and transportation and improve the market conditions for agriculture and game hunting. There is little awareness, particularly among the young, of the threat of over-exploitation of game species and of timber (African Development Bank 1993: 52). While the EA acknowledges that the improvement of the road is important for the local population, it cautions that the project would cause irreversible environmental damage and negative social impacts. It emphasizes that "...development planning must follow a long-term schedule and above all take care of irretrievable natural resources" (African Development Bank 1993:184).

The environmental assessment concludes that rehabilitation of the road would vastly accelerate negative impacts from logging, and that in order to avoid "...irreversible and dramatic negative long-term impacts on the environment and

man," the project must be integrated into a comprehensive regional development plan (African Development Bank 1993:184). The environmental assessment noted the need for additional environmental and social studies and recommended that rehabilitation of the road be postponed until projects to protect the Dja Forest Reserve¹ are implemented, a regional land-use plan is established and Cameroon's new forestry code is implemented (African Development Bank 1993:184).

6.2.2 An Array of World Bank Policies at Stake

The AfDB's EA provides an overview of critical environmental and social issues to be considered in the rehabilitation of the Abong Mbang-Lomié road. Since this road segment is part of the priority network of roads and as such potentially funded under the World Bank's Transport Sector loan, a variety of World Bank policies applies to the loan.

The World Bank's Transport Sector review paper indicates that potential problems in the sector are well known (World Bank 1995h). It notes that lack of attention to transport can damage habitats and biodiversity and adds that

"... roads or other transport links not be built unless there is some regional framework to anticipate and mitigate likely adverse impacts. Current environmental assessments for Bank-supported projects do require the inclusion of a regional plan for the area affected" (World Bank 1995h:27).

The Transport Sector Review further emphasizes this point by stating that the Bank should not support

"... transport developments threatening encroachment on natural habitat or cultural heritage unless the Bank is satisfied that the correct framework of protection is in place before implementation" (World Bank 1995h:29).

The following four mandatory World Bank policies are particularly relevant to the Transport Sector Loan²:

(1) Environmental Assessment Policy. The environmental assessment policy states that *"the purpose of EA is to improve decision-making and to ensure that the project options are environmentally sound and sustainable."* Though EA is

¹ The Dja Animal and Forest Reserve, an area of 526,000 hectares, was created in 1950 by means of a decree issued by the High Commissioner of the French Republic in Cameroon. In 1984 it became a biosphere reserve within UNESCO's "Man and the Biosphere Reserve" (MAB) Programme and was also recognized as a World Heritage Site.

² The appendix of this study presents summaries of the relevant World Bank policies.

primarily the responsibility of the borrower, the Bank works with the borrower to ensure that there is capacity for environmental and social assessments. The policy states that *"EA preparation should form part of the overall preparation work for the project, so that EA's findings can be directly integrated into project design"* (World Bank OD 4.01, 1991).

(2) Forest Policy. The World Bank's Forest Sector Policy notes that *"Financing infrastructural projects (such as roads, dams and mines) that may lead to loss of moist tropical forests and other primary forests will be subject to vigorous environmental assessment as mandated by the Bank's operational guidelines for projects that raise diverse and significant environmental issues. A careful assessment of the social issues involved will also be required"* (World Bank 1991a:65). The Forest Policy classifies Cameroon as one of 20 countries with threatened tropical moist forests (World Bank 1992:86).

(3) Indigenous Peoples Policy. The World Bank recognizes the Pygmy peoples of Cameroon as distinct tribal groups with their own culture who deserve special consideration under World Bank projects (World Bank 1982). The Bank's Indigenous Peoples Policy emphasizes that issues concerning indigenous peoples can arise from a variety of sectors that concern the Bank, including road works, and that these sectors should be carefully screened. The policy notes that cases will occur, especially when dealing with the most isolated groups, where adverse impacts are unavoidable. *"In such situations, the Bank will not appraise projects until suitable plans are developed by the borrower and reviewed by the Bank."* It adds that as a prerequisite for a successful indigenous peoples development plan, *"studies should make all efforts to anticipate adverse trends likely to be induced by the project and develop the means to avoid or mitigate harm"* (World Bank OD 4.20, 1991).

(4) Natural Habitats Policy. According to the World Bank's Natural Habitats Policy the institution does not support projects that, in its opinion, involve the significant conversion or degradation of critical natural habitats (World Bank OP 4.04, 1995).

The next section examines the lack of intra-departmental communication at the World Bank which helps explain why the above policy mandates were ignored in the preparation of the Transport Sector loan.

6.2.3 Institutional 'Disconnects'

The World Bank's Infrastructure Operations Division for the Africa Region, the operational department responsible for preparing the project, explains the rationale for IDA financing of the project by citing its consistency with the Country Assistance Strategy (Chapter 5). It adds that the Government of Cameroon and IDA had agreed that "...long-term development can only be achieved by substantially improving fiscal performance in order to generate additional

resources to finance priority development expenditures and to cover debt service obligations" (World Bank 1996i:44). The analysis of the Country Assistance Strategy (Chapter 5, 5.4) reveals a central World Bank preoccupation with the possibility of a Cameroonian default on its foreign debt obligations and the country's substantial delays in repaying even its preferred creditors, the Bretton Woods institutions (World Bank 1995f:7).

In off-the-record interviews, World Bank officials explained that prior to the 50% devaluation of the F CFA in January 1994, there had been almost no lending to Cameroon for several years. After the devaluation, which doubled Cameroon's foreign debt in local currency, there was a sudden massive search for lending opportunities.³

The need for fresh loans to assist in the repayment of old debts is therefore likely to have contributed to pressure on the Infrastructure Operations Division to prepare a new loan, despite the fact that previous audits of World Bank investments in Cameroon's transport sector had revealed poor performance by the Government and its "... lack of commitment to genuine change" (World Bank 1996i:43).

The preparation of an environmental impact assessment (EIA) would have led to considerable delays in project preparation. The initial difficulty in EIA preparation is locating funding since borrowing governments usually do not finance EIAs for their own projects.⁴ These difficulties combined with the lack of environmental knowledge on the part of many World Bank project managers, who are called task managers, lead to the fact that many environmentally sensitive projects are assigned Category B status, *i.e.* not requiring a full environmental impact assessment.⁵ But although the Transport Sector loan received Category B status, it did require a sign-off by environmental staff working in the Africa Technical Department.

³ Interview with officials in the Africa Technical Department, August 1998.

⁴ Environmental Impact Assessments for World Bank-financed projects are usually funded by a variety of trust funds managed by the World Bank.

⁵ Various interviews with World Bank environmental staff in 1997/98.

6.2.3.1 The Environmental Sign-Off

The Infrastructure Operations Division requested a rapid sign-off by environmental staff in the Africa Technical Department in order to present the project to the World Bank's Board of Directors for approval. The Africa Technical Department had no knowledge about the environmental assessment previously carried out by the African Development Bank. After a quick review of the Staff Appraisal Report (SAR), an environmental expert gave his approval to the project. With hindsight, this official acknowledged that he had wrongly given the green light for the project to go ahead. He explained that the project was a "Russian doll kind of project" and that he had been "bluffed" by the Infrastructure Operations Department. He had accepted on face value that the project was a category B project and had made no further inquiries since the document did not specify the actual location of the roads to be funded under the project. He had also been assured by the statement in the SAR that a mitigation plan to address environmental issues in road maintenance was being carried out. He later found out that this work had not yet begun at the time that he was requested to sign-off on the project.⁶

6.2.3.2 Lack of coordination with the World Bank-GEF

Several of the roads identified in the priority road network as candidates for rehabilitation are located in close proximity to areas that the World Bank has recognized as critical ecosystems. According to the World Bank and the GEF, some of these areas are home to globally important biodiversity and the World Bank is using GEF funding to protect some of these areas. But rehabilitation of these road segments has implications for the World Bank implemented GEF Biodiversity Conservation Management project (Chapter 7) because construction activities and road improvement significantly increase access to several GEF project sites. For example, the Gari Gombo-Yokadouma-Moloundou road cuts between Boumba Bek and Lobeke, two GEF project sites in Cameroon, and increases access to the GEF-financed Nouabale-Ndoke National Park which is situated in the Republic of Congo near the border with Cameroon. The Kribi-Campo road opens access to the GEF-funded Campo Wildlife reserve (fig 6.4).

⁶ Interview with the World Bank official in the Africa Technical Department responsible for signing-off on the Transport Sector loan, August 1998.

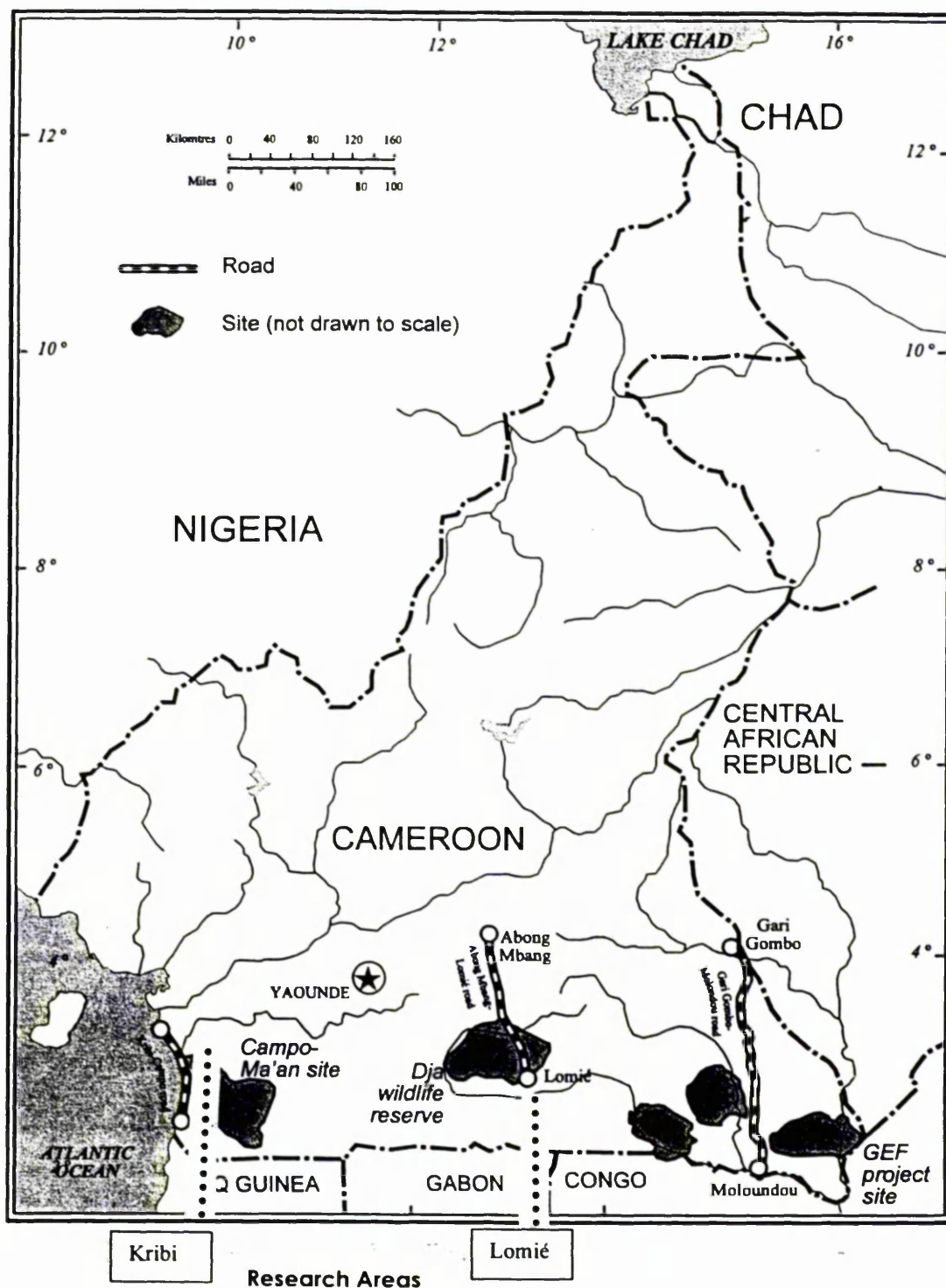


Fig. 6.4 Planned Roads, GEF and UNESCO Biodiversity Project Areas and Research Sites

GEF project managers both at World Bank headquarters and in the field in Cameroon were unaware of the proposed road rehabilitation programme to be funded under the Transport Sector loan.⁷

6.2.4 Weakness of Political Oversight

The history of how the Transport Sector loan was approved by the World Bank's Board of Executive Directors on 30 May 1996 provides a rare glimpse into the organizational politics of the institution. It shows how World Bank Senior Management is able to press for approval of a loan even if the institution's principal shareholders are either opposed or express fundamental concerns about a project.

While the Staff Appraisal Report (SAR) is not a publicly available document until after approval of a project by the Board of Executive Directors and authorization from the borrowing government, individual governments may choose to share the document with outside organizations. In the case of the Transport Sector loan, the U.S. Treasury Department, which provides instructions to the U.S. Executive Director on the World Bank's Board, decided to circulate the SAR for comments to non-governmental-organizations in the United States, who then sent copies to their European and developing country partner NGOs. As a result of public input, the U.S. Treasury Department was made aware of the African Development Bank's 1993 environmental assessment and requested that a Board decision about the project be delayed. Similarly non-governmental-organizations in several West European countries called the attention of their governments to the potential risks of the project.

As soon as information about possible U.S. opposition to the project became known, World Bank environmental staff acknowledged the Transport Sector Loan's environmental dangers and expressed their agreement with the external criticism of the loan: "Some serious flak is coming up around the Cameroon transport sector project....One of the roads on the map is a pure and simple logging road that AfDB rejected on environmental grounds."⁸ This is followed by a more explicit acknowledgment of where the World Bank is at fault:

⁷ Interviews with World Bank officials in Washington, D.C. and GEF project managers in Cameroon, May 1997.

"...going ahead as things are entails the risks of a major embarrassment because we are at fault on the following specific issues" which are listed as the lack of an environmental mitigation plan and the inclusion of logging roads in a road rehabilitation programme.⁹

In view of a potential public embarrassment, the Infrastructure Operations Division proposed to Senior Management that the project be delayed for two previously unmentioned reasons: (1) repayments of World Bank loans to Cameroon are overdue; (2) the Government is failing to implement its new forestry code by granting logging concessions in the old, non-transparent fashion.¹⁰

However, a decision at the highest level of Bank management was made that face-saving reasons for a delay in the Board approval date were unnecessary.¹¹ The project was presented to the Bank's Board of Executive Directors for approval within a few days. Several steps were taken to assure the Board of Executive Directors that the project would be environmentally sound. These consisted of a letter from the Prime-Minister of Cameroon committing his government to take all necessary environmental precautions and the promise of accelerated preparation of an environmental mitigation plan. According to a World Bank Office Memorandum, the letter from Cameroon's Prime Minister was actually drafted by World Bank staff: "M...with her team, has drafted a letter that we would receive (early next week) from the Government of Cameroon. According to the letter, the Government would take the necessary environmental precautions for all the maintenance and rehabilitation work, particularly in the ecologically sensitive areas..."¹²

With the letter from the Prime Minister of Cameroon in hand and a commitment to carrying out an environmental mitigation plan, the loan was approved by the Board of Executive Directors on 30 May 1996. The United States Government, the Bank's largest shareholder, voted against the project, citing the lack of an environmental analysis. Describing the project, the United States Government stated "There are elements here of the 'old' World Bank, not the 'new'

⁸ World Bank Office Memorandum of 16 May 1996 from Africa Technical Department.

⁹ World Bank Office Memorandum of 18 May 1996 from Africa Technical Department.

¹⁰ World Bank Office Memorandum without date from Infrastructure Operations Division Africa Region.

¹¹ In the absence of World Bank President James D. Wolfensohn, the decision was taken by acting President Richard Frank, World Bank Office Memorandum of 21 May 1996, Africa Technical Department.

World Bank we have all worked so hard to create".¹³ Several other major donors to the World Bank, who had received campaign letters from environmental pressure groups in their home countries, including the United Kingdom and Germany, raised serious concerns about the project but were satisfied with the reassurances from Bank management and voted for the project. A reaction to Britain's approval of the loan is reflected in an article in the Daily Telegraph of 9 September 1996 (fig. 6.5).

Daily Telegraph

9th September 1996 (p.4)

Britain backs 'damaging' road plan in rainforest

BRITAIN approved a £40 million World Bank road scheme which bank staff admit will increase logging in one of Africa's finest protected rainforests.

Labour is to demand an inquiry following the leaking of bank memos to Friends of the Earth which admit that protected areas of Cameroon, including the forest home of the Baka pygmy tribe, will be affected by the project to upgrade roads.

The forest is a World Heritage Site and has been recommended as a national park.

The Cameroon Transport Sector Project was approved without an environmental assessment by the board of the Bank, including Britain's executive director, Hugh Evans, on May 30. The US

By Charles Clover
Environment Editor

opposed it as environmentally damaging but was outvoted.

One leaked internal memo on May 16, seen by *The Daily Telegraph*, admits that "one of the roads on the map is a pure and simple logging road".

An environmental assessment of the project in 1991 said the logging road would irreversibly affect the Baka tribe's way of life in the protected Dja forest reserve. The area also contains lowland gorillas, chimpanzees, an endangered crow species and a rich variety of flora.

Tony Juniper, deputy campaigns director of Friends of the Earth, said: "This project amounts to a massive

subsidy from taxpayers in developed countries to private sector companies logging in the African rainforest."

Clare Short, Labour overseas development spokesman, said: "I shall be writing to the World Bank and to Lady Chalker, the Overseas Development Administration Minister, questioning their support for this project."

The ODA said: "We are satisfied that this project is a good one."

Geoff Lamb, the World Bank's representative in London, said many people living at the end of the roads were poor.

Upgrading them would give the inhabitants greater access to schools and markets.

Fig. 6.5 Daily Telegraph (9. Sept. 1996, page 4)

¹² World Bank Office Memorandum of 21 May 1996, Africa Technical Department.

¹³ Statement by Michael Marek, Alternate U.S. Executive Director, 30 May 1996.

6.2.5 A Muted Challenge to Bureaucratic Power

Several of the road-building and rehabilitation components of the Cameroon Transport Sector loan carry significant ecological risks by opening-up new forest areas to industrial logging. An environmental impact assessment for one of the road components, which was previously carried out by the African Development Bank, warned that rehabilitation of the road would lead to irreversible long-term negative impacts on the environment and its human inhabitants. It added that these impacts could only be mitigated if road rehabilitation was preceded by a regional development plan which would take the situation of the semi-nomadic Baka people and local farmers into account.

Preparation of the Cameroon Transport Sector loan by one of the World Bank's operational departments, the Infrastructure Operations Division for the Africa Region, ignored these potential problems and did not consider any of the applicable World Bank policies to avoid or mitigate potential environmental damage and social disruption. The World Bank's environmental experts in the Technical Department for the Africa Region were given insufficient information and time to review the project but felt compelled by pressure from the operational department to give the project the green light.

Once it became public knowledge that several major shareholders were concerned about the potential environmental impact of the loan, the operational department tried to save the World Bank from public embarrassment (and to avoid having to admit mistakes) by suggesting arguments that Bank Senior Management could use to explain a delay of the project to the World Bank's Board of Executive Directors. Ironically, the arguments included the lack of environmental responsibility of the Government of Cameroon which was continuing to grant logging concessions in a fashion which was in violation of its newly adopted forestry code (chapter 5).

World Bank Senior Management paid little attention to the environmental experts who had concluded that World Bank environmental policies had been violated in the preparation of the project. It also overrode the operational department's suggestion to save face in a potentially embarrassing situation. The Transport Sector loan reveals the central preoccupation of Senior Bank Management with "loan approval" (Wapenhans 1992). It presented the project for approval to the Board of Executive Directors despite the violation of World Bank

policies and concerns expressed by some of the Bank's main shareholders.¹⁴ In a gesture of acknowledgment of the concerns, Senior Management produced a letter from the Prime-Minister of Cameroon expressing his government's commitment to protecting ecologically sensitive areas. Unbeknownst to the Board of Executive Directors, this letter had been drafted by World Bank staff, who were aware of the Government of Cameroon's violations of its own Forest Policy.

The Transport Sector loan is an example of the limited explanatory power of the realist approach to international financial institutions in political science. The role of the World Bank's Board of Executive Directors in the approval of the Transport Sector loan indicates a fundamental weakness of the main shareholding governments relative to World Bank Senior Management in ensuring that World Bank policies are adhered to in development projects. The trajectory of this loan from preparation to final approval suggests that the institution is a political entity in its own right and that theories of organization can make an important contribution to understanding the functioning of international financial institutions and to point to possible directions for change.

6.3 The Cameroon Oil Pipeline

An international oil consortium consisting of Exxon (Esso), Shell and Elf is planning a \$ 3.5 billion oil project, which includes the development of three oil fields in southern Chad and the building of a 1,100 km long pipeline to Cameroon's Atlantic coast (Fig. 6.6). The consortium estimates a production of approximately 924 million barrels of crude oil from the fields in southern Chad over a period of about 30 years (Dames & Moore 1997:2-2). The Cameroonian portion of the project will consist of an 880 km long pipeline, two pumping stations, one pressure reducing station, an 11 km sub-sea pipeline terminating at a floating storage and off-loading vessel and various other infrastructure works. The pipeline, which will require the clearing of a strip of land between 30 and 60 meters wide, as well as the upgrading or building of new road segments, will pass through ecologically sensitive areas. In addition to the largely undisturbed wooded savanna of the

¹⁴ Although World Bank Senior Management has to pay deference to the institution's principal shareholders, it can always count on internal divisions within the Board. Executive Directors representing developing countries usually act as a bloc since they do not oppose loans for another developing country, and Executive Directors representing donor countries are rarely united *i.e.* in

Mbéré Rift Valley (ca. 110km of the pipeline route), the pipeline will traverse biodiversity-rich forest areas. These are the Deng Deng region (approximately 300 kilometres of pipeline route) and the Atlantic littoral evergreen forest in the coastal region of Kribi (ca. 180 km of pipeline route). The pipeline will also cross seven major rivers in Cameroon and an uncounted number of smaller streams. The people in the project area are farmers, herders, fishermen and traditional hunters and gatherers, the Bakola, in the coastal moist tropical forest.

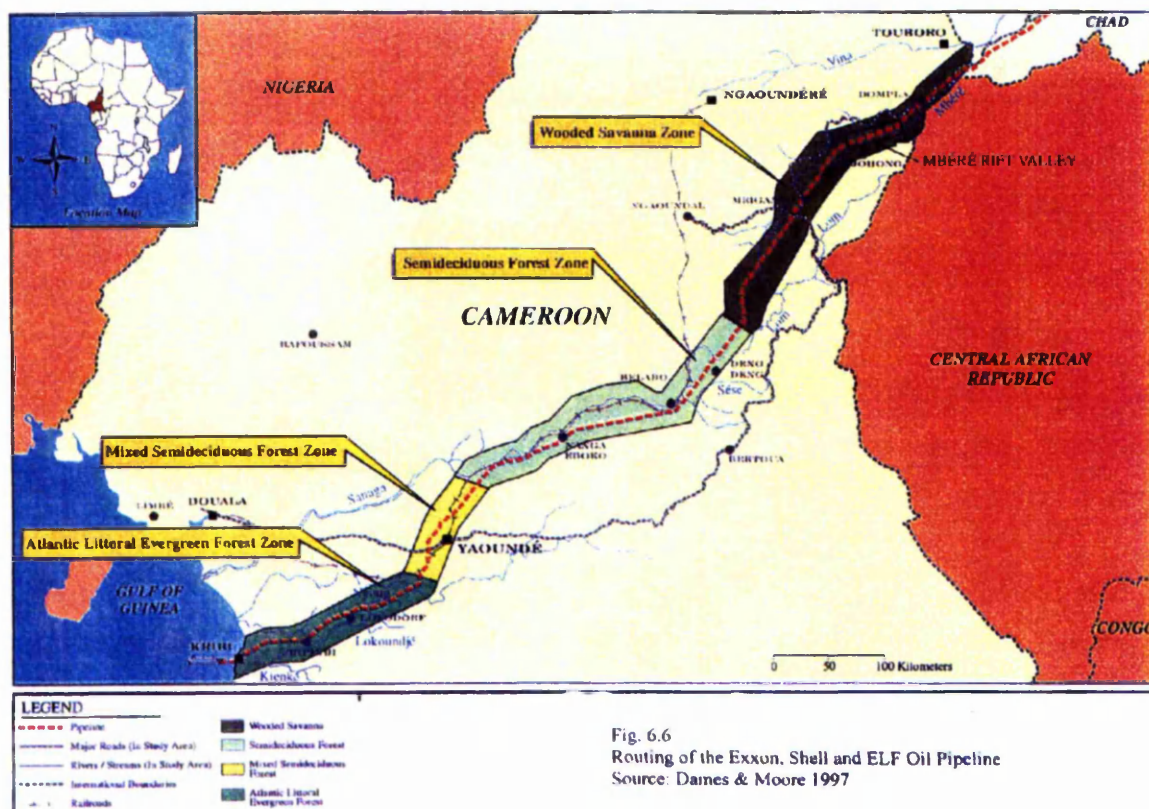


Fig. 6.6
Routing of the Exxon, Shell and ELF Oil Pipeline
Source: Dames & Moore 1997

A brief project report prepared by Exxon, the leader of the Consortium, states that World Bank Group funding of the project represents the foundation of the financing structure of the project.¹⁵ While the amounts of proposed funding from the World Bank group are relatively small (\$ 120 million from IDA/IBRD and \$ 250 million from IFC), the Consortium considers World Bank participation in the project to be essential for two reasons. On the one hand, it provides political risk insurance since few developing country governments can afford to be on bad

the case of a loan for a Francophone country, the Executive Director for France can be counted on to support the loan independent of its merits.

¹⁵ Exxon, Exxon's Chad Doba Project. August 15, 1996.

terms with the World Bank as this might endanger access to other public and private funding (Duncan 1997). On the other, World Bank participation lends the project a seal of approval which facilitates raising additional project funding from other sources, such as export-credit agencies and commercial banks.¹⁶

In order to obtain World Bank financing, the Consortium has to comply with applicable World Bank policies. For this reason, the Consortium commissioned a voluminous environmental impact assessment from a private U.S.-based consulting company. The Cameroonian portion of the environmental assessment and accompanying environmental management plan consists of four volumes. According to the EA, its preparation has been based on the environmental assessment requirements of the World Bank, including its guidelines and operational directives (Dames & Moore 1997:1-1). In compliance with these guidelines, the EA emphasizes the need for consultation:

"Consultations with affected groups, including the local population, non-governmental organizations, and relevant government ministries and agencies, have been undertaken and will continue throughout project development" (Dames & Moore 1997:1-2).

6.3.1 Inquiry on Public Consultations

Consultation with and active participation of affected communities and non-governmental-organizations is a central tenet of World Bank environmental policies. For example, the Operational Directive (OD 4.01) on environmental assessment, which has mandatory character states:

"The Bank expects the borrower to take the views of affected groups and local NGOs fully into account in project design and implementation, and in particular in the design of EAs. This process is important in order to understand both the nature and extent of any environmental impact and the acceptability of proposed mitigatory measures, particularly to affected groups" (O.D. 4.01 of October 1991).

The Environmental Assessment commissioned by the Oil Consortium acknowledges this requirement, stating: *"A program has been established for the proposed project to coordinate and consult with government agencies, affected*

¹⁶ A major task for the IFC in this project is to help raise \$ 1 billion in limited recourse debt, i.e. debt for which the responsibility of the parent company is limited (Interview with IFCstaff

groups, and non-governmental-organizations (NGOs). This program has been developed to meet the project's objectives for consultation and comply with the requirements of the World Bank Environmental Assessment Source Book (World Bank 1991-1995 [1991a, 1193, 1994], World Bank Operational Directives 4.01 and 14.70 (World Bank 1991b and 1989), and International Finance Corporation (IFC) Environmental Review and Analysis of Projects (IFC 1993)" (Dames & Moore 1997: 9-3). The EA further states that "Consultation with affected groups is essential to gain proper understanding of the nature and extent of social and environmental impacts that may result from the development of the project and to seek inputs from those communities in the development and implementation of appropriate mitigation measures" (Dames & Moore 1997: 9-3)

These statements confirm good communication between the World Bank and the Consortium, and between the Consortium and the consulting company in charge of the environmental assessment, on what World Bank policy requirements must be met. How is the global level requirement to consult locally affected communities in the design of the environmental assessment and of the project itself being carried out at the local level?

The goal of the field research was to generate an assessment of the degree to which this central provision of OD 4.01 concerning the consultation of local communities and NGOs had been implemented. The research was carried out in two phases: (1) pre-release of the Environmental Assessment (May 1997) in order to gauge public input into the design of the EA and the project as required by OD 4.01; and (2) post-publication of both the EA and Environmental Management Plan (June 1998) in order to understand the degree to which local people had felt consulted and/or informed on the potential environmental hazards of having a pipeline pass through their fields and forests. The research was conducted using informal research methods, non-random sampling and semi-structured interviews (chapter 3).

6.3.1.1 Pre-Release of Environmental Assessment

The EA was publicly released in October 1997 after several months of delay caused by its lack of approval by the Government of Cameroon.¹⁷ The field work was carried out by the author in May 1997, at a time the EA had been completed from the point of view of the Oil Consortium. Since little was known about the exact routing of the pipeline at the time, field research focused on villages near the town of Kribi which faces the planned off-shore oil storage and loading facilities, as well as locations in the Lomié region bordering on the Dja Wildlife Reserve (Fig. 6.4).

Based on the policy requirement that project design and implementation, in particular the design of EAs, should take the views of affected groups and local NGOs into account (OD 4.01), five questions were used as topics in both individual and group interviews. At the same time the interview situation was open for respondents to touch on other issues, such as sensitive political matters, if they themselves choose to do so (*i.e.* transparent distribution of revenues).

<u>Check List of Questions</u>
(1) Have you heard about a planned pipeline project?
(2) Do you know, even approximately, the routing of the proposed pipeline?
(3) How and from whom did you receive information on project? - Oral presentations? - Written documentation?
(4) Have you been asked to provide input into the environmental impact assessment study and the environmental mitigation plans?
(5) How do you think that the pipeline will affect you and your family? (Alternative: How do you think it will affect your country?)

Fig. 6.7 Check List of Questions

¹⁷ The Government's delay in approving the EA is thought to have been a negotiating tactic to increase its bargaining power with the Oil Consortium and to have had little to do with the EA per se (Interview with World Bank officials July 1998).

The respondents were divided into three distinct groups, consisting of representatives of NGOs, groups of local villagers and forest dwellers (Fig. 3.1)

The methodology, *i.e.* preparation for and approach to interviews with each of these groups, provided different set of challenges, as described in chapter 3.

Interview Results

The different life experience of each of the three major groups is reflected in the way each responded to the questions. Therefore it makes sense to summarize their responses separately. The three sections will then lead into a conclusion about the degree to which the World Bank's Environmental Assessment guidelines concerning affected groups and NGOs have been adhered to.

Representatives of the NGO-Community

Question 1: The large NGOs, which are members of important international NGO networks, were contacted by EXXON and informed that the project would be undertaken (e.g. INADES, SAILD, CARE, WWF). All of them had been invited to meetings with Exxon. The smaller NGOs, which have few or no international connections, had not been contacted and did not know about the project (e.g. Center for Environment and Development, Défense de l'Environnement Camerounais).

Question 2: None of the NGOs knew the routing of the pipeline. Only the American director of WWF in Yaoundé had an approximate idea of the routing. Representatives of SAILD, who had attended two meetings with EXXON, erroneously believed that the pipeline would not pass through Cameroon, but through the Central African Republic.

Question 3: With two exceptions, the information on the project had been provided orally. One exception was a brochure and video temporarily given to INADES, which was asked by EXXON to review the material. INADES had to sign a confidentiality agreement which does not allow the organization to speak about the contents of the material and to keep a copy of the material. The other exception was a brochure in the hands of the director of WWF. The

brochure did not list the name of the publisher or a date. None of the other organizations had written material. The IUCN representatives, who attended a meeting with EXXON, requested written material which was handed to them for the duration of the meeting. Much to their consternation, their bags were searched at the end of the meeting to ensure that no copy of the material would leave the room inadvertently. All NGOs were frustrated about the lack of public project documentation. SAILD, a large African organization, described its meetings with EXXON as serving to "remplir la fiche de presence" (fill out the list of participants) and little else.

Question 4: The NGOs were not asked to provide input into the environmental assessment or environmental mitigation plans. A slight exception again was the WWF representative who said he was able to tell the Exxon representatives his views on problems concerning alternative routings of the pipeline. Some of the large NGOs were asked if they would be interested in project sub-contracts. CARE-Canada offered its services to EXXON to work on public health-related issues but had not received a response from EXXON. INADES was asked by EXXON if it could help in a "sensibilisation" programme of the local population, who lives in the path of the oil pipeline. INADES turned down this offer because the organization believes that its cooperation with the Oil Consortium would lead to making false promises to local people. In view of current political circumstances in Cameroon, INADES believes the pipeline project to be destructive and harmful to the interests of local people.

Question 5:

The local office of IUCN in Lomié, which is dedicated to protecting the Dja Wildlife Reserve, expressed concern about possible impacts of the pipeline on the Dja Wildlife Reserve, which became a UNESCO World Heritage Site in 1984 and the protection of which is being funded by the European Union. Even if the pipeline passes at a distance of 50 kilometers, IUCN staff believe that it will increase poaching in the Reserve and possibly threaten its viability.

All NGOs shared concerns about the potential harm that the pipeline could cause. There was, however, a noticeable difference between the expatriate and the Cameroonian NGO representatives. It was surprising to find that there was

consensus amongst the Cameroonian NGO representatives, who represent a broad spectrum ranging from small activist groups without proper resources to the well-equipped large NGOs. Despite their formidable differences, all were convinced that the project would cause more harm than bring benefits. There was also consensus that under the present government, none of the revenue generated by the pipeline would be used to improve the living conditions of local people and that most of it would disappear into some deep pockets. The expatriate NGO representatives also expressed concern about the possible destruction of coral reefs near Kribi (WWF) and loss of one year's agricultural production by local people living near the construction areas (CARE). However, they were more inclined to regard the project as a *fait accompli* and did not see the project as negatively as their Cameroonian colleagues. They believed that there could be potential for some positive spin-offs from the pipeline such as schools and hospitals near the pumping stations which are to service the pipeline.

Groups of Local Villagers

Question 1: The group of middle-aged and older men in the village of Eboundja, as well as the young people, mostly boys, in the village of Bwambe, had heard about the planned pipeline by word-of-mouth.

Question 2: The villagers had no idea about the routing of the pipeline and did not know exactly where in the Kribi region it would enter the ocean. Most thought that it would be either in Bwambe or Eboundja village. (Note: The lack of information extends to local government representatives: the provincial delegate of the Ministry of Tourism in Kribi knew about plans for the pipeline and that it would come to Kribi, a major provincial town, but knew of no further details).

Question 3: Information about plans for the pipeline became public in the region when President Biya visited the area in early 1997 to inaugurate an off-shore oil platform in front of Eboundja village. There was no written material.

Question 4: Local villagers were not consulted on the environmental assessment or the environmental mitigation plans. "Nobody has come to

explain the benefits and the problems of the pipeline. It is the wealth of the state, we do not know about it," said one of the villagers.

Question 5: The villagers of all age groups had few or no expectations that the pipeline would be beneficial to the local economy and to them personally.

Cameroon's deep economic crisis and worsening environmental degradation at the local level has hurt Bwambe and Eboundja villages. One might expect that the pipeline would be considered as an opportunity to escape poverty. Again, there was a consensus and also a remarkable depth of analysis of the situation.

Why were they not expecting to get jobs through the pipeline project?

According to the villagers in Bwambe, local people do not have the schooling to work for an oil company. Of about 40 children in the village, 35 were not going to school and will live as fishermen as their parents do. School fees are too high for villagers. Families who have made the sacrifice of sending their children to school, see that their children cannot find work after completing school.

The fishermen of Bwambe village try to make a little money by selling soft drinks or food to the occasional tourist. Young people know the word 'ecotourism' and it represents to them what they believe to be a good future for their region: have visitors who can enjoy the beautiful surroundings (at Bwambe village the Lobé river cascades into the ocean as a waterfall) and buy some of their fish and soft drinks. They are afraid that possible oil pollution could drive visitors away. This fear is echoed by the provincial delegate of the Ministry of Tourism, who stated that she feared that tourism in the region, which has barely begun, would come to an end if there were signs of pollution in the water and on the beaches. The expatriate owner of a small hotel in Bwambe village, who has lived in the country for several decades and is married to a Cameroonian, explained that she had tried to research the pipeline because she considers it a danger to her business. She found that there was no information in Kribi but through foreign contacts in the capital she heard that about 30 Americans would come to work for the oil consortium in Kribi. She was told that except for short-term construction jobs, there would be no employment for local people since everything the Americans would need would be imported from the USA.

The group of men in Eboundja village, which faces a newly inaugurated oil platform, were very pessimistic about the impact of the pipeline on their lives. They said that since the oil platform began operations in October 1996, there was noise and pollution which had made it difficult to catch fish. The small pirogues have to go further into the ocean and stay for longer periods of time, often under dangerous conditions, to catch the same amount of fish. The villagers feel trapped. In front of them they see the oil platform and behind them are forest lands that are increasingly being destroyed. Logging trucks pass constantly on the narrow dirt road passing through the village and are a danger to the children. What about the pipeline? If it comes "...on est completement fini" ("...we are completely finished").

The problem as identified by one of the young men has to do with the lack of democracy: "People wish they could vote freely, then representatives could be elected to parliament who would represent their interests and let them know about such things as the pipeline and its local impacts."

Residents in the small town of Lomié did not know about the pipeline.

Forest Dwellers

The Bakola camp was reached after travelling about two hours on a canoe upstream on the Lobé River and a short walk into the forest. There were mostly men and small children in the camp made up of several small rondavel houses built of twigs and leaves. The women of the camp had departed for a gathering expedition earlier that morning. If interviewers are an intrusion into a rural village, the intrusion is much worse when visiting a Bakola camp. Some small gifts facilitated the initial contact. The language problem was considerable since translation had to be made from the Bagyeli language to the local Bantu language and from there into French.

Question 1: The Bakola apparently did not know what an oil pipeline was and had never heard of the one that was likely to traverse their traditional forest lands. The Baka near Lomié also did not know about the pipeline.

Question 5: While not able to talk about the potential impact of the pipeline on their lives, the Bakola voiced their grievances about the expanding logging

operations in their area. The hunting grounds were getting smaller, there were fewer animals to hunt. Outsiders would come and hunt. The Bakola are clearly under severe stress and are suffering as a result of the shrinking of their traditional forest lands. They are worried about their future. Everything seems to be against them. The logging companies come and take the trees, with them come outsiders who are hunting with guns (the Bakola hunt with spears and they set snares). One of the Bakola man said "The logging companies come and take the forest, but they don't give us jobs."

The pipeline has the potential to further increase the stress felt by the Bagyeli since it will bring construction crews and other people into the area driving the Bakola into an ever smaller area and thereby increasingly endangering their survival as a people.

The situation of the Baka people is at present less severe since logging has not been as extensive in the south-eastern region as it is in the coastal regions. Logging is advancing rapidly, however, and increasing numbers of Baka are concentrated in smaller forest areas. Since the logging companies are especially interested in trees which also happen to be of great value to the Baka, such as the Moabi tree (*Ballionella toxisperma*), the Baka say that it becomes more difficult for them to trade with the Bantu villagers. The Moabi, for example, is an integral part of the social fabric of the region. It provides cooking oil and medicines which the Baka exchange for metallic goods and starchy foods planted by Bantu villagers. With the disappearance of the Moabi tree, young Baka say, they have to work like slaves on the fields of the Bantu.

6.3.1.2 Post-Publication of Environmental Documentation

The Environmental Assessment became a public document in October 1997. It was followed by the publication of an Environmental Management Plan, which specifies some of the environmental mitigation measures, in February 1998. The second phase of the field research was carried out in June 1998 and concentrated on the southern section of the pipeline route on the axis Lolodorf, Bipindi, Kribi (fig.6.6). In addition to NGOs and local Bantu and Bakola communities, informal interviews were held with local government officials and local church representatives.

The first phase of field research May 1997 was characterized by an almost complete lack of knowledge about the project in Cameroon and there had been no contact between the Oil Consortium, COTCO¹⁸, or the Government of Cameroon with locally affected people. In the second phase in June 1998, English and French language versions of the environmental studies were public documents and could be consulted in designated places. At the local level, along the route of the pipeline, two main events had occurred: a team of social scientists had passed through to collect some basic socio-economic data and an exploratory mission had begun to cut a continuous alley through the entire area where the pipeline was to be placed.

Respondents from all sections (Church, local government, Bantu villagers, Bakola people, local NGOs) were unanimous in stating that they had not been informed about the potential environmental impacts of the project and that nobody had come to seek their views on the project. The pipeline teams that had traveled along the pipeline route had awakened hopes for jobs. They also had taken note of crops and trees that were destroyed in the initial clearing of space for the pipeline. Farmers were told that they would receive compensation but they were not informed about the rates at which they were to be compensated. Decisions on compensation are made unilaterally by the Government and the Consortium. Compensation is only to be paid for trees and fields planted by farmers not for forest trees and other forest products that occur in the wild and are central to the livelihoods of the Bakola.

Given the unanimous response to the question asked, what follows are quotes from the different groups reflecting their respective concerns:

Bakola People:

"We are afraid that things will be destroyed in the forest that are necessary and useful for us. There are many trees and lianas. The logging companies just take what they want, but we the Pygmies, get nothing. The loggers sleep where the Bantus are. The forest is very rich for us Pygmies, for us to nourish ourselves. We have not yet been told where the pipeline will pass" (Bandewani Village).

¹⁸ Cotco is the Cameroon Oil Transportation Company, which is owned mostly by the Oil Consortium, but the Governments of Cameroon and Chad are minority shareholders.

"We heard that the pipeline will come, but we know nothing more. Here there were no meetings. The problem with compensation is that it may only be for the village chief. Some time ago the government told us to leave the forest, but we have not seen any benefits of this" (Ntdoua Village).

Local Government Officials in the sub-prefectures of Lolodorf and Bipindi:

"At our level we only know what we are being told, our work is limited to facilitating the project, but the project is entirely being carried out by people from outside, i.e. Yaounde. There was a meeting with some of the local people, they were told that they would get some of their fields back at the end of the works and then could plant them again. They would be compensated for losses. At the beginning the information was not clear, the negotiations with local people were strong-armed (French: musculés) .. it was our role to help explain."

"The consequences for the Pygmies maybe especially bad, many of the trees they rely on will be cut here and there. But the Pygmies, cannot declare that things they planted are being lost and therefore they will get no compensation. There are sacred places, but the pipeline will try to avoid these. How can you make an omelet without breaking eggs? It will be the local people who are the losers. When somebody sees that you are very poor then he will walk all over you. Even in Lolodorf, there is no clean drinking water."

"The Cameroonian state has committed itself and now we are obliged to respect the word that Cameroon has given."

"There was a meeting in Bipindi with people from the pipeline project. But the intellectual level of local people is not very high and it is unclear what they have understood from what was said. At first people will look forward to the pipeline as a means of getting jobs for young people and better roads, there is also hope for money and compensation."

"But there is reason to be unquiet, what happens if the pipeline is pierced? I fear for local people what might happen to them as a result of damage from oil spills. A technical failure is always possible, as is human error."

"When the pipeline is built, then there will be no more jobs. But the roads will still be a benefit, for example the Kribi-Lolodorf road. We are already suffering from deforestation here, the trees being cut are below the diameters they should have. For the Pygmies there are

several problems. Their habitat and nature are one, in the forest everything belongs to them. But they have no rights, compensation is only to be paid to those who have planted trees. What about the wild trees? We have written 4 or 5 months ago to COTCO about this problem of compensation for the Pygmies, we have not received a response. The Pygmies did not attend the Bipindi meeting."

Parish priests and nuns along the southern section of the pipeline route:

"The pipeline is a poisoned gift. The population has not been informed ("sensibilisation") about the project. We do not know who will profit from it. There is a danger that an oil spill could set the fields ablaze and lead to a catastrophe. The people here are hungry and prudence and poverty do not go well together. People will pierce the pipeline to get some of the oil."

"I remember a scene elsewhere when a large quantity of frozen chicken had been spoiled and had to be thrown into a garbage depot. People were told they would become sick and die if they ate the chicken, but they would get the chicken anyway, saying it is better to die with a full stomach than with an empty one. People will do anything to pierce that pipeline."

"The poor here are being abused. They work hard the whole day using up all their energies for a single bread. They are ignorant about many things and therefore they are being abused. The fruits of growth are not well-distributed."

"A lot will be destroyed, but who will profit? The project is paying between 1000 and 3000 F FCA per tree being lost, but the sale of the fruits from one of these trees in just one year brings in more money than that, and the tree will go on giving fruit for many years."

"We are very concerned that the pipeline will destroy little rivers and that it will create stagnant water, we are worried about malaria, especially children are suffering from it more and more and many die."

"For the Bakola life will be very difficult. The game that they need to feed themselves will flee. The Bakola are told that they can cultivate crops, but the layer of humus is very thin. This is the further impoverishment of Africa, drought will advance as the little rivers no longer run. These things make us afraid."

Bantu villagers in the Lolodorf and Kribi areas:

"There are no jobs being created for villagers. COTCO had a meeting at the house of the village chief and there COTCO said that the plantations would have to be put elsewhere and that some trees would have to be cut down. Unfortunately, neither schools nor recruitment for work has arrived. We are worried about deforestation, what will become of Cameroon within the next ten years? It is visible and we can feel that drought is advancing, the dry periods are getting longer. Production of corn is at its lowest level and fisheries are affected too as more and more little streams dry up."

"Nothing is known about the pipeline. The Presidents of Cameroon and Chad were to come here at the end of May to lay the foundation stones for something, but this has not happened. Nobody knows exactly what is going on."

"I had hoped to be able to cook some meals for the workers. But they eat in their own canteen and not in the village. The food comes from elsewhere too. They (Satom, the contractor) have done nothing for the people here. Even the cook for the canteen comes from either Yaoundé or Douala. They don't give work to the unemployed here, but they bring in people from other areas."

Local NGOs in Lolodorf:

"There has been no contact with the Consortium or contractors. The only thing there is, is a reading room. But this is not adequate since few Cameroonians are literate, people prefer to listen to the radio or go to meetings. Very few people know what the pipeline is going to be good for. There is a great lack of information."

"The situation of the Pygmies is precarious, they will further suffer with the pipeline, some will be displaced, they will lose their sources of water and the tombs of their ancestors, the game will flee."

6.3.2 Results of the Inquiry

The Consortium is aware of the World Bank's operational directive on environmental assessment and in particular of its requirement that locally affected people and NGOs be provided with the opportunity to provide input into the design of the EA (Dames & Moore 1997:9-3). The same operational directive also requires that affected groups have to

"...understand both the nature and the extent of any social or environmental impact and the acceptability of proposed mitigatory measures" (OD 4.01-19).

The environmental assessment acknowledges these requirements:

"Consultation and interaction with affected groups, local interested parties, local and international NGOs, and government agencies, is viewed as a critical component of project development and EA preparation. This consultation assists with the identification of possible project impacts, reconciliation of opposing views about the project, promotion of understanding of the nature and extent of any social or environmental impacts, and the acceptability of proposed mitigation measures to affected groups" (Dames & Moore 1997:9.2).

The Consortium (or an entity acting on its behalf) established different types of contact with different groups of stakeholders in Cameroon. These can be summarized as follows:

Campagne d'information sur le Pipeline

A la suite de la cérémonie de lancement de la Campagne d'information publique sur le projet Pipeline Tchad/Cameroun qui s'est tenue à Yaoundé le 22 Août 1997, la Société Nationale des Hydrocarbures (SNH) et la Cameroon Oil Transportation Company (COTCO) organisent une présentation spéciale de ce projet aux Organisations Non Gouvernementales (ONG) installées dans certaines Provinces traversées par le tracé du Pipeline, selon le programme ci-après :

DATE	PROVINCES	LIEU DE LA REUNION	Heure de la réunion
05/09/1997	CENTRE	Yaoundé (Hôtel Mont Fébé)	10h00
09/09/1997	NORD	Garoua (Hôtel de la Bénoué)	16h00
10/09/1997	ADAMAOUA	Ndéré (Hôtel Transcam)	16h00
12/09/1997	LITTORAL	Douala (Hôtel Akwa Palace)	16h00
16/09/1997	SUD	Ebolowa (Hôtel le Rach)	13h00

Toutes les ONG représentées dans les différentes provinces concernées y sont conviées.

Ce communiqué tient lieu d'invitation.

**L'Administrateur Directeur Général
Adolphe MOUDIKI**

N° 6427 VENDREDI, 05 SEPTEMBRE 1997

Fig. 6.8 Cameroon Tribune of 5 Sept. 1997

International and national NGOs

With the exception of one major international organization (WWF), the Consortium did not solicit input into the design of the EA or the project. While the Consortium initially did not provide detailed information on the project, including the routing of the pipeline, it later conducted a public information campaign which was announced in Cameroon's principal daily newspaper (fig. 6.9). The

announcement in the newspaper of 5 September 1997 states that the public information campaign on the pipeline began on 22 August 1997 and invites NGOs to attend public information sessions. As per the announcement, the meeting in the capital city of Yaoundé is to occur at 10.00 a.m. on 5 September 1997, the date of the publication of the newspaper. The short notice made it impossible for many NGOs to attend.¹⁹

Local villagers and opinion-leaders

On the Kribi-Lolodorf axis, the southern part of the pipeline route, the pipeline crosses fields, fallow lands and cocoa plantations, as well as forests. By mid-1998, local villagers knew that a pipeline was going to traverse their areas. Some of them had contact with the team of experts who had passed through the area to collect basic socio-economic data and a few had found short-term employment in clearing an alley for the pipeline. However, they did not receive information on the possible environmental impact of the project (*i.e.* oil spills, increased deforestation and loss of wildlife, spread of sexually transmitted diseases, in particular AIDS, etc.). The environmental information provided by the Consortium or its agents was limited to announcing which land would be needed by the project and which trees had to be cut down. It was announced that there would be compensation but the rates of compensation were not discussed with the villagers.

Bakola People

While the Bakola had no information about the pipeline initially, they had heard about it by mid-1998. Some of them had been visited in November 1997 by a team of social scientists working for the Consortium. The experts told them that the pipeline would try to avoid destroying their sacred sites and displacing their villages. The Bakola had no further information about the project and had not been consulted during the EA process or thereafter.

While the Consortium and/or its agents approached the three groups in different ways, the flow of information was mostly uni-directional, *i.e.* the Consortium disseminated some information about the project, but did not inform

¹⁹ Interview with the Center for Environment and Development in Yaoundé, June 1998.

about its potential environmental and social implications, nor did it discuss environmental mitigation measures. In the urban settings of Yaoundé and Kribi, members of the Cameroonian audience expressed fears about the environmental dangers of the pipeline. However, the only environmental issues which the Consortium referred to in the villages were the loss of crops and trees.²⁰

After finalizing the environmental assessment, the Consortium made the entire nine-volume study, which covers both Chad and Cameroon, publicly available in reading rooms in major towns. While this is a positive step, respondents considered this approach to be entirely insufficient in a country where literacy rates are low and few of the people in remote rural areas, who will be most directly affected by the project, have the means to spend time in an urban setting to read through complicated technical documents.²¹

6.3.3 A Forceful Internal World Bank Critique

In the summer of 1998, ten World Bank (including IFC) environmental experts prepared a joint critique of the nine-volume environmental assessment presented by the Consortium.²² The document states that the EA does not provide an adequate basis for World Bank appraisal of the project and cites the lack of public consultations as one of its central failures. Since the EA had not been made available for public review and comment before being finalized, the document recommends that the current EA be considered a draft which, after a public review period, must include comments and concerns expressed by the public.

Furthermore, the critique calls upon the Consortium to provide a full economic, technical, ecological and socio-economic analysis of possible alternative pipeline corridors and a detailed explanation of why the current pipeline routing had been chosen. It calls attention to the ecologically sensitive nature of several areas the pipeline plans to traverse and refers to the Bank's policy on Natural Habitats which states that the World Bank will not support projects that

²⁰ A recent report commissioned by Friends of the Earth Netherlands and carried out by a Dutch and a Cameroonian scholar confirm the findings of the enquiry: Biesbrouck K. & Dkamela, G.P. *The Oil Pipeline Project in Cameroon: With or Without Local Populations?* Amsterdam, May 1998. 38pp.

²¹ The researcher visited the reading room in Lolodorf in June 1998 and reviewed the list of people (names and professions) who had visited there. The majority were people who had come in the mistaken belief that they could apply for jobs with the Consortium in the reading room.

²² "Chad-Cameroon Oilfield and Pipeline Project - World Bank Group Comments on Environmental Reports," 12-page memorandum without date.

involve the significant conversion or degradation of natural habitats unless there are no feasible alternatives (OP 4.04, 1995).

In addition, the World Bank's environmental experts express their concern about the lack of an indigenous peoples' plan for the forest-dependent peoples (the Bakola people) of the Atlantic coast, as is required under the Indigenous Peoples' Policy (OD 4.20, 1991).

According to several of the environmental experts who participated in writing the critique of the EA, the unanimity and determination with which the group rejected the EA presented by the Consortium are unprecedented.²³ Why did environmental staff feel empowered to be outspoken about a sensitive project involving some of the largest oil companies in the world which have their headquarters in some of the Bank's most influential shareholder-countries?²⁴ World Bank officials explain that the high public visibility of the project has encouraged their outspokenness.²⁵ In addition to Church, human rights and environmental organizations in North America, Europe and Africa, questions about the project are increasingly being raised by members of parliament and the media in several countries.

As of October 1999, the World Bank's Board of Executive Directors has not taken a final decision on approving the project. The World Bank's operational divisions continue to argue that the project will help alleviate poverty in both Chad and Cameroon, because governments are expected to use the newly generated income for poverty programmes. At the same time, operational staff recognize that both governments lack transparency in the way public finances are being handled but believe that these types of problems can be fixed through separate technical assistance projects which would introduce the governments to transparent budget processes.

6.3.4 Shift in the Internal Balance-of-Power?

Unlike preparation of the Transport Sector loan discussed in the previous section, the Oil Pipeline Project is being prepared in full knowledge of the

²³ Interviews with staff in the Central Environment Department as well as the Africa Technical Department, July 1998.

²⁴ Exxon in the U.S., Shell in both the U.K. and the Netherlands, and Elf in France.

²⁵ Interviews with staff in the Central Environment Department and Africa Technical Department, July 1998.

applicable World Bank environmental policies. The Consortium restates the requirements of World Bank environmental policies in its environmental assessment, including the mandatory requirement to consult with locally affected populations and NGOs during the environmental assessment process. While the Consortium states that it is adhering to World Bank policies, the field research on public consultation documented in this section shows that the interaction between local populations and the Consortium or its agents was late and mostly unilateral. Once the environmental assessment had been completed, the Consortium largely limited itself to informing groups of local people about the project's needs for land clearing. The population was not informed about potential environmental dangers related to the oil pipeline and their input into the design of the environmental assessment or mitigation plans was not requested.

While a final decision on World Bank financing of the oil pipeline has not yet been taken, the institutional dynamics at play in the preparation of this project show considerable differences with the preparation of the Transport Sector loan. The influence of the World Bank's environmental experts was very limited, if not nil, in the Transport Sector loan, whereas their role in the Oil Pipeline Project is much more forceful. A key variable is that the latter project was subject to an environmental assessment while the former was not. In addition to the environmental assessment, which provides the World Bank's environmental experts with a basis for their evaluation of the project, the Oil Pipeline Project is subject to international public scrutiny from civil society organizations, government departments and the media.²⁶ According to World Bank environmental staff, the outside attention being paid to the project helped focus their attention and encouraged outspokenness about the potential environmental problems of the project.²⁷

²⁶ The record of environmental and human rights abuses related to Shell operations in Ogoniland in neighboring Nigeria is one of the reasons for the public interest in the project. Furthermore, the pipeline project is adding to a broader development debate which questions the benefit of subsidizing transnational corporations as a means of poverty alleviation in developing countries.

²⁷ Interviews with World Bank environmental experts, August 1998. It should be noted that reports by World Bank environmental staff on projects are not public documents. They do, however, sometimes find their way into the public domain through unofficial channels.

6.4 Summary

World Bank environmental policies are careful not to characterize biodiversity protection as a separate sector but emphasize the need to integrate biodiversity considerations into all of the institution's development activities. These policies also commit the World Bank to the empowerment of local communities whose active participation in the design and implementation of projects is considered central to biodiversity conservation.

Both the Transport Sector loan and the Oil Pipeline project represent a considerable threat to Cameroon's moist tropical forests. The preparation of both projects, despite protestations to the contrary from the Consortium in the case of the latter, did not comply with mandatory World Bank biodiversity-related operational policies. As a result of political pressure, the Consortium presented nineteen additional volumes of environmental studies in the summer of 1999. These may lead to some technical improvements in the project, but do not change the lack of consultation with locally affected people during the EA process itself when crucial decisions, such as the routing of the pipeline were taken. The presentation of the new studies has largely silenced the World Bank's environmental experts in part because of the technical improvements they contain and in part because of pressure from the Bank's senior management to move the project ahead without further obstacles.

The political ecology perspective can explain the lack of implementation of World Bank biodiversity related policies by examining some of the institution's underlying implicit assumptions. These are, for example, that the state is a neutral actor and that projects can be evaluated and carried out independent of their specific political and socio-economic context (Blaikie 1985). Neither the Transport Sector loan nor preparation of the Oil Pipeline project benefited from a political economic analysis of the situation in Cameroon. Questions about who exercises power and how the power is used, which lie at the heart of political ecology, are not taken into consideration (Blaikie 1985, Harvey 1996). The state, as held by the realist approach of political science theory, is assumed to be a neutral agent working for the greatest benefit for the largest number (Dillon, Ilget & Willett 1991). There is no analysis about how the ruling classes express their interests through the state and might be able to take advantage of large infrastructure projects for their own gain. There is also no analysis of the impact on local

communities who might face growing inequalities and thereby become less empowered to protect the biodiversity on which their livelihoods may depend to a large degree.

Recognizing the specific political economic context of a project and acknowledging that all proposals concerning the environment are necessarily also proposals for social change (Harvey 1996:119) might lead to problematic relationships between the World Bank and its client-governments and thereby lead to a reduction in the number and volume of World Bank loans. This might bring the institution into conflict with its own organizational goals. Theory of organization, such as the Public Choice Approach, explain that the fundamental goals of organizations are their survival, decision-making autonomy and control over resources, while value allocation, the central purpose for which an organization was established, comes in second place (Le Prestre 1986). The Transport Sector loan confirms this theory. Value allocation, *i.e.* promoting environmentally sustainable development in the case of the World Bank, is subordinated to the overall organizational goals. This explains why World Bank Senior Management decided that adherence to World Bank environmental policies was less important than maintaining its decision-making autonomy, even if this entailed criticism from some of its most influential shareholder governments.

The organizational structure in place is one that permits 'decoupling' of stated institutional goals and project practice. This is a structure in which the World Bank adopts new issues, such as biodiversity conservation, for legitimacy reasons, although these gestures are largely ineffective at the operational level (Wade 1997a).

The discussion of the Cameroon Transport Sector loan indicates two linchpins in the structure that facilitate 'decoupling'. On the one hand, there is the bureaucratic power of World Bank Senior Management vis-à-vis the institution's shareholders, who, as members of the Board of Executive Directors, are charged with oversight over Senior Management. On the other, there is an institutional disconnection between the operational departments that are in charge of preparing projects and the technical (*i.e.* environmental) departments which provide environmental expertise and other input into project preparations.

What causes the weakness of those who are charged with general oversight over the institution and those who are charged with scrutinizing the environmental

impacts of World Bank-financed projects? With respect to the Board of Executive Directors, an important part of the explanation resides in the high information costs to the Executive Directors and their home governments in monitoring the activities of the institution. Executive Directors are political appointees who occupy their positions for a limited number of years as opposed to members of the Bank's Senior Management who commonly spend most of their careers at the institution. As a result, the latter have at their disposal a knowledge base on the institution and its relationships with borrowers that cannot easily be matched by their political overseers. Given the volume of project documentation and the number of annual loans, the Executive Directors and their small staff do not have the resources to analyse in detail the loans they are being requested to approve. Some of the analysis is carried out by their home offices, such as the Treasury Department in the U.S., DFID in the United Kingdom or the Ministry for International Cooperation in Germany. Yet the home offices too, lack resources and staff to provide detailed oversight over financing decisions. The shareholders largely rely on Bank management and staff to carry out the institution's work. The "realist" approach to international institutions from political science theory thus has limited explanatory power concerning the allocation of funds for particular projects or the adherence to World Bank policies.

With respect to the Bank's environmental experts in the institution's technical departments, one of the key explanations for their relative weakness is their lack of budgetary autonomy. The operational departments (or Country departments) have their own budgets while technical departments function essentially as internal consulting firms, which have to "sell" their services to them. The incentives that are thus being put in place interfere with independent environmental oversight and make it difficult for environmental staff to provide comments which could lead to the delay of the approval of projects (Wade 1997a).

Why could the environmental experts inside the World Bank be largely ignored in the case of the Transport Sector loan and why do they have a strong voice in the Oil Pipeline project? In the case of the Transport Sector, the lack of an environmental assessment limited the information available to the World Bank's environmental experts. Perhaps more importantly, there was little attention being paid to the project by government shareholders and by non-governmental-organizations until shortly before the scheduled project approval date. The Oil

Pipeline project faces a different scenario. Previous public protests about activities by transnational oil companies such as Shell's links to environmental disaster and human rights abuses in Nigeria's Ogoniland, have generated interest in the Oil Pipeline project by human rights and environmental organizations as well as decision-makers and the media. Information on the project is publicly available and has been widely circulated. This is a case where "the costs of not learning" may be high in terms of institution's own survival interests (Wade 1997a:33). Public attention to the project, in particular, has helped create a political space within the institution in which environmental experts were encouraged to be outspoken. This political space is likely to be of a temporary nature as long as the institution does not carry out fundamental changes, such as the establishment of autonomous budgets for the departments charged with overseeing the World Bank's compliance with its own social and environmental policies.

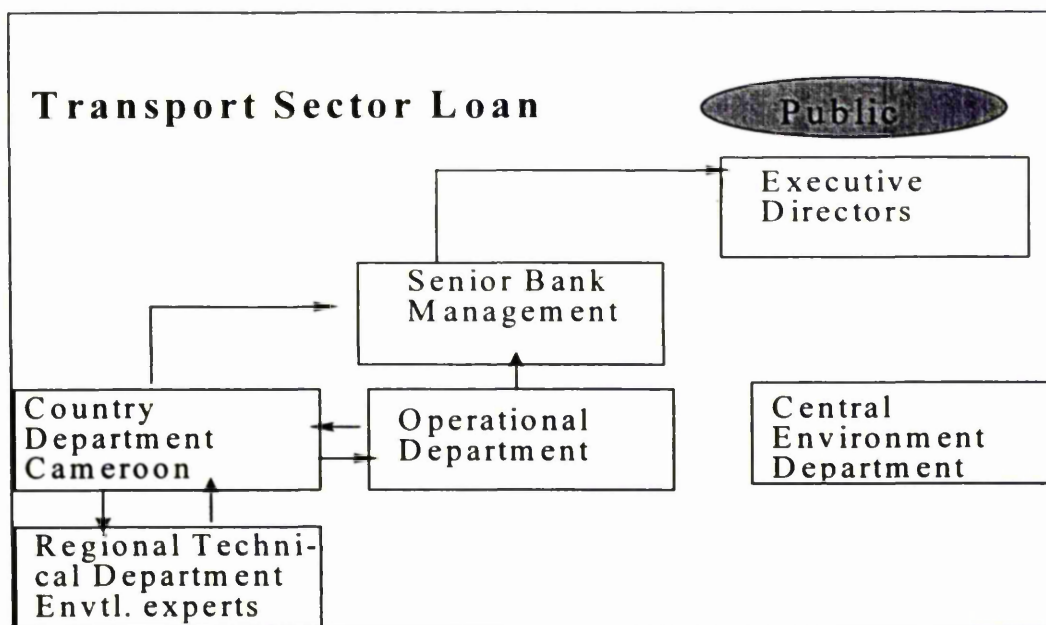


Fig. 6.9 Intra-Institutional Channels – Transport Sector Loan

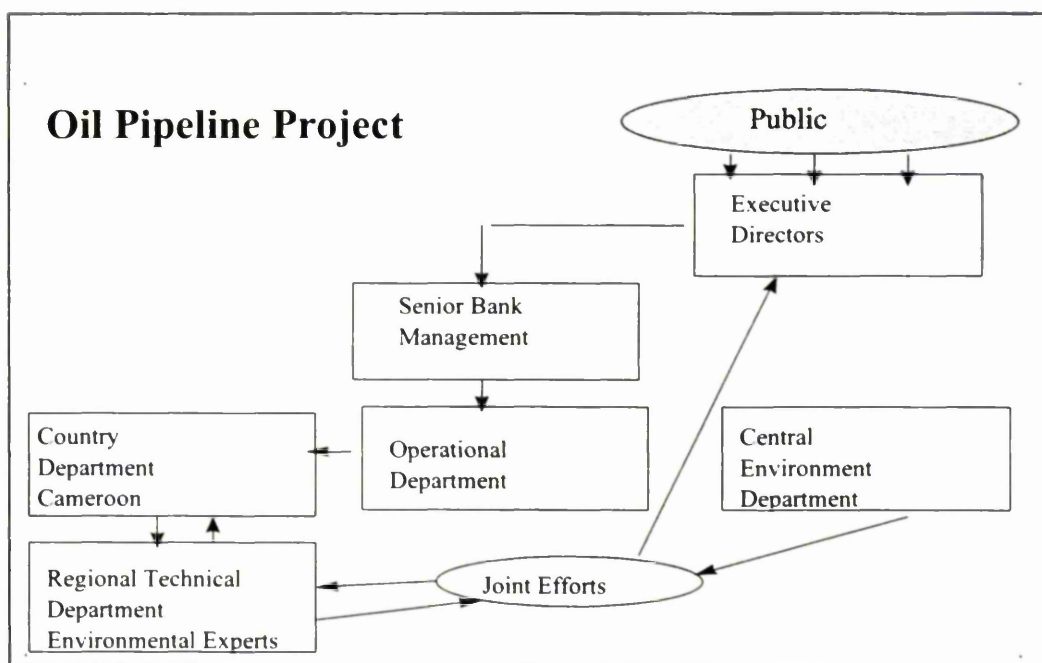


Fig. 6.10 Intra-Institutional Channels – Oil Pipeline Project

The analysis of the extent to which the two infrastructure projects comply with the World Bank's biodiversity-related policies shows that the institution is not a monolithic entity. The above diagrams show the different intra-institutional linkages at work in each of the projects (Fig. 6.10 and Fig. 6.11). The principal differences are that the Central Environment Department was excluded from playing a role and the lack of involvement of the public and the Executive Directors the Transport Sector loan. In the case of the proposed Oil Pipeline, the Executive Directors and the public are strongly involved and the Central Environment Department was allowed to play an oversight role. These differences indicate that there is room for maneuver in the intra-organizational structures which can improve the institution's compliance with its own policy mandates. However, the institution will only adopt the necessary changes if it feels that it is in its interest to do so in order to enhance or ensure its survival as an institution, in particular its access to the financial resources of its shareholders.

CHAPTER 7

THE INTERFACE OF GLOBAL GOALS AND LOCAL REALITIES: THE WORLD BANK-GEF PROJECT FOR BIODIVERSITY PROTECTION IN CAMEROON

7.1 Introduction

The previous two chapters examined how the World Bank's environmental and social policy commitments which are related to biodiversity protection, are translated into concrete action at the level of policy discussions, *i.e.* the Country Assistance Strategy and Structural Adjustment loans (chapter 7) as well as in the context of more traditional lending for infrastructure development (chapter 6). This chapter finally analyses a GEF project which was specifically designed to protect biodiversity. The project, which is financed through a GEF grant, is being implemented by the World Bank.

The global politics behind the establishment of the GEF and its institutional arrangements have been analysed in chapter 4. Theories of Organization provide the conceptual tools to understand the World Bank's successful attempt to capture the leading role within the GEF as a means of adapting to external demands and ensuring continued, if not growing, access to resources. Theories of organization emphasize that organizational goals, such as survival of the institution, autonomy in decision-making and control over resources, take precedence over the organization's stated objectives (value allocation).

Since World Bank policies apply to the GEF whenever the World Bank serves as the GEF Implementing Agency, this chapter analyses how the GEF Biodiversity Conservation and Management Project for Cameroon project complies with the relevant World Bank policies. This project serves as a mini-laboratory which may help shed some light on the difficulties of an existing power structure in bridging global concerns with local realities and thereby contribute to possible responses to Harvey's question about the nature of a power structure able to arbitrate and translate between global and local geographic scales (Harvey 1996:204).

Publications by the World Bank's Environment Department emphasize that biodiversity protection is central to the institution's mission of promoting

sustainable development. They refer to the role of the World Bank's Country Assistance Strategies (CAS) for individual countries as the vehicle through which biodiversity is taken into account in macro-economic decision-making as well as in development programmes in sectors such as agriculture, forestry and infrastructure (World Bank 1995a: 25). Contrary to these statements, the CAS for Cameroon does not consider the environmental or biodiversity ramifications of the macro-economic and sector policies or of the individual development projects which it negotiated with the government (Chapter 5). The CAS for Cameroon shifts the entire weight of addressing the loss of biodiversity to the separate and relatively modest scale of the GEF project for Cameroon.

The present chapter analyses the GEF Biodiversity Conservation and Management project for the Republic of Cameroon. The World Bank serves as the Implementing Agency for this project as it does for most, if not all, GEF investment projects.¹

Using the theoretical framework developed by Blaikie and first applied to land-and-soil conservation and then to biodiversity protection (Blaikie 1985, Biot et al. 1995, Blaikie 1995), the chapter begins by analysing the World Bank-GEF general approach to biodiversity conservation as reflected in its publications. After listing specific World Bank policy guidelines which are relevant to biodiversity conservation, the chapter turns to the GEF Biodiversity Conservation and Management Project for Cameroon. It examines where the idea for the project originated, how it evolved as well as the project's objectives and contents. Following this overview, the chapter examines the role of different project actors, the World Bank, the Government of Cameroon and international Non-Governmental-Organizations and considers some aspects of project implementation, especially as they relate to specific World Bank policy guidelines. This is followed by an analysis of the lessons emerging from the Cameroon Biodiversity Protection project and how they might be explained using theory of organization. The conclusion then refers back to the central question seeking to identify the political and institutional conditions which determine the degree to which the World Bank-GEF complies with its own policies.

¹ The GEF activities of UNDP and UNEP, the World Bank's partners in the GEF, focus on technical assistance (UNDP) and scientific studies (UNEP)

7.2 Conservation Paradigms in the World Bank-GEF Approach

The underlying premise of political ecology is that ecological problems can only be understood from a perspective in which the environment and politics are interrelated (Atkinson 1991, Bryant & Bailey, 1997). Geographer David Harvey expresses it in the following terms:

"...all ecological projects (and arguments) are simultaneously political-economic projects (and arguments) and vice-versa. Ecological arguments are never socially neutral any more than socio-political arguments are ecologically neutral" (Harvey 1996: 182).

The political nature of environmental projects is reflected in the three distinct political approaches to land degradation identified by Blaikie, which he later also found applicable to the question of biodiversity conservation (Blaikie 1985, 1995):

The 'classic' approach. This approach tends to be associated with the colonial roots of conservation. The state plays the key role in defining a conservation problem and state power is used to address it. Local people are mostly seen as obstacles to conservation and human welfare is not necessarily part of the agenda.

The 'neo-populist' approach. This approach has emerged in response to the widespread failure of the 'classic' approach and is characterized by the attempt to be more 'people-oriented' in conservation programmes. It emphasizes participatory modes of designing and implementing projects.

The 'neo-liberal economic' approach. This approach is also in part a response to the failure of the 'classic' approach with its overreliance on state bureaucracy and control. It emphasizes the role of the market in regulating the use of natural resources and limits the role of the state to establishing a regulatory framework that removes perverse incentives and encourages internalization of environmental costs. (Blaikie 1995: 6-7).

These approaches do not represent a straightforward historical sequence and they are not mutually exclusive (Biot et al. 1995: 1). Which approach or which combination of approaches is reflected in the World Bank-GEF project documents on biodiversity?

All GEF biodiversity investment projects provide grant financing directly to governments but governments are expected to enter into partnerships with local and international non-governmental-organizations, research institutes and the

private sector. Nearly all projects include components for institutional strengthening or, in cases where the necessary institutions do not exist, assistance in establishing institutions capable of integrating biodiversity protection with sustainable development (Newcombe & Richardson 1993:5).

World Bank publications complement the focus on governments and the strengthening of central government agencies by adding elements of the 'neo-populist' approach. The 1992 World Development Report on Development and the Environment, for example, emphasizes that "... environmental protection is one area where government must play a central role" (World Bank 1992: 1) but adds that many environmental problems cannot be solved without the active participation of local people (World Bank 1992:93). World Bank-sponsored publications on integrated conservation-development projects emphasize the need to ensure the conservation of biological diversity by reconciling the management of protected areas with the social and economic needs of local people (Wells et al. 1992).

Following the 1992 United Nations Conference on Environment and Development, the Bank's statements increasingly include 'neo-populist' elements by highlighting the complementarity of its mission of reducing poverty and protecting the environment:

"Hence, it is now widely recognized that support for poverty alleviation and human development will depend on environmental sustainability and biodiversity conservation" (World Bank 1995a:18).

World Bank publications refer specifically to the need of empowering local communities, indigenous peoples and other stakeholders as critical to project success (World Bank 1995g:9). In addition, biodiversity conservation is seen as something that is not limited to parks and protected areas, but something that is essential to agricultural systems and to a wide spectrum of habitats modified by a diverse array of cultures (Srivastava et al. 1996)

According to the World Bank's GEF Coordination Unit, a central goal of the GEF is "...to sustain the livelihoods of local communities and maintain the quality of life while protecting biodiversity whenever the goals are not mutually exclusive" (Newcombe & Richardson, 1993:7). Should conflicts arise, alternative livelihoods for local people must be assured.

The language in the publications indicates that the 'classic' approach, in which zones of the non-human world considered to be pristine, intact or undisturbed, would be fenced off and thereby protected, has largely been abandoned. The 'neo-populist' approach, which according to Blaikie represents the new conventional wisdom in international discourse (Blaikie 1995), has become the salient element in World Bank language on biodiversity.

7.2.1 Operational Guidelines

The large number of publications produced by the World Bank's Environment Department do not necessarily provide guidance to Bank operational staff. To this end, there are specific World Bank operational policies some of which are relevant to GEF biodiversity protection projects. World Bank operational policies also apply to its GEF-financed operations because as the trustee of the GEF and a GEF Implementing Agency, the World Bank has accepted that it "...undertakes to administer GEF funds with the same care it administers its own funds" (Shihata 1994:40).

The operational policies can potentially carry considerable weight because Bank staff are expected to abide by them. An added incentive for World Bank staff to follow the operational guidelines was created in 1993 with the establishment of the World Bank Inspection Panel. Since then, people in project countries who feel that they are being affected negatively as a result of a World Bank violation of its own policies, can request the World Bank's Inspection Panel to undertake an investigation of the matter and thereby try to obtain redress for their grievances (Shihata 1994). Amongst the most relevant operational directives for GEF projects are:²

- Environmental Assessment (OD 4.01)
- Indigenous Peoples (OD 4.20)
- Disclosure of Operational Information. (BP 17.50)

² The appendix provides summaries of the World Bank environmental and social policies, which can be ODs (operational directives), OPs (operational policies) and BPs (best practice guidelines).

The next section analyses how the idea for the Biodiversity Protection and Management Project for Cameroon evolved and how the distinct approaches to biodiversity conservation and operational directives referred to in this section are reflected in the project's main documents.

7.3 Project Trajectory

7.3.1 Remote Origins

The origins of the Cameroon Biodiversity Protection and Management project date back to the Tropical Forestry Action Plan (TFAP), an ambitious plan developed in the mid-1980s by the World Bank, the United Nations Food and Agriculture Organization (FAO), the United Nations Development Programme (UNDP) and the World Resources Institute (WRI).³ The objective of the TFAP was to curb deforestation in developing countries by mobilizing about US \$ 8 billion over a period of five years for forestry-related projects, including the strengthening of institutions, addressing fuelwood needs, conservation of protected areas and supporting industrial forest uses. World Bank President Barber Conable promised in 1987 that the institution would become a leader in the environmental field (Rich 1994). In order to reach this goal, he committed the Bank to vastly increasing its lending for forestry and the TFAP seemed to be an appropriate vehicle to channel these investments.

The TFAP soon came under intense criticism both from inside and outside organizations. Critics claimed that country-specific TFAP plans would dramatically increase deforestation through their focus on the support of logging activities (Colchester & Lohmann 1990). The TFAP for Cameroon, for example, stated that its primary goal was to turn the country into "...the most important African producer and exporter of forestry-based products from the start of the 21st century" (FAO 1988). The timber export strategy was to be made viable through the building of a 600 km road to open access to a nearly 14 million hectare area of moist tropical forest in the southern and eastern parts of the country. The area is inhabited by indigenous Baka and Bakola Pygmy peoples whose existence is not mentioned in the three volumes of TFAP reports for Cameroon (Horta 1990).

³ Interview with the World Bank's task manager for the GEF project Claude Heimo.

The World Resources Institute, which was responsible for developing the original concept of the TFAP, published a critical report of the TFAP's record in 1990 and dissociated itself from the TFAP. The report criticized the TFAP's failure to address the underlying causes of deforestation and to take the rights and needs of forest-dwelling peoples into account (Winterbottom 1990). The World Bank too dissociated itself from the TFAP by not promoting its forestry projects under the TFAP label. Subsequent attempts to revitalize the TFAP failed and it has largely become irrelevant.

A remnant of the TFAP was the planned \$ 30 million IBRD Forestry and Environment Project for Cameroon.⁴ In order to add a biodiversity protection component to the forestry loan, the Bank's initial plan was to attach a \$ 25 million GEF biodiversity protection grant to the forestry loan. The rationale was that the availability of grant funds would be a major incentive to the government to implement conservation programmes (Global Environment Facility 1991).

A campaign by environmental organizations⁵ claimed that the Bank was trying to use the GEF grant as a green fig leaf for an environmentally destructive forestry loan. The campaign helped focus the attention of the U.S. government, the principal shareholder in both the World Bank and the GEF, on this particular project. As a result, the U.S. Executive Director to the World Bank sent a letter to the Bank's Board of Executive Directors requesting that the GEF project be separated from the forestry loan and that the forestry loan be subject to a full environmental impact assessment before being presented to the Board for approval.⁶ During the ensuing Board discussion of the project, several European representatives expressed similar concerns verbally. As a result, the GEF Biodiversity Protection and Management project for Cameroon eventually became a stand-alone venture.

While the goals and broad contents of the project, *i.e.* the number of sites to be protected, remained largely unchanged, the financial structure of the project underwent substantial modifications (fig. 7.1). Funding for the project changed

⁴ In 1990 Cameroon was still considered to be a middle-income country qualifying for IBRD funding only.

⁵ Environmental Defense Fund, Memorandum of February 27, 1991 "The Conservation of Cameroon's Tropical Forests: A Test Case for the Global Environmental Facility and the New Forest Policy."

⁶ Letter from Patrick E. Coady, U.S. Executive Director, of March 13, 1991 address to the Bank's Executive Board.

from the initially proposed \$ 25 million in 1991 to \$ 5 million in 1993 (date of approval of the project by the GEF Assembly as part of its work programme)⁷ and to \$ 6 million in 1995 when Bank management approved the project.⁸ The status of the GEF project also changed. Initially the project was to be attached to a \$ 30 million forestry loan, *i.e.* become a grant component of a regular loan. As referred to above, this idea was abandoned as a result of statements made by members of the World Bank's Board of Directors. It was replaced by the idea of attaching the GEF project to a \$ 2 million ecological protection loan on IBRD terms. This was abandoned too⁹ and in 1995 the Biodiversity Protection and Management project for Cameroon became a free-standing grant.

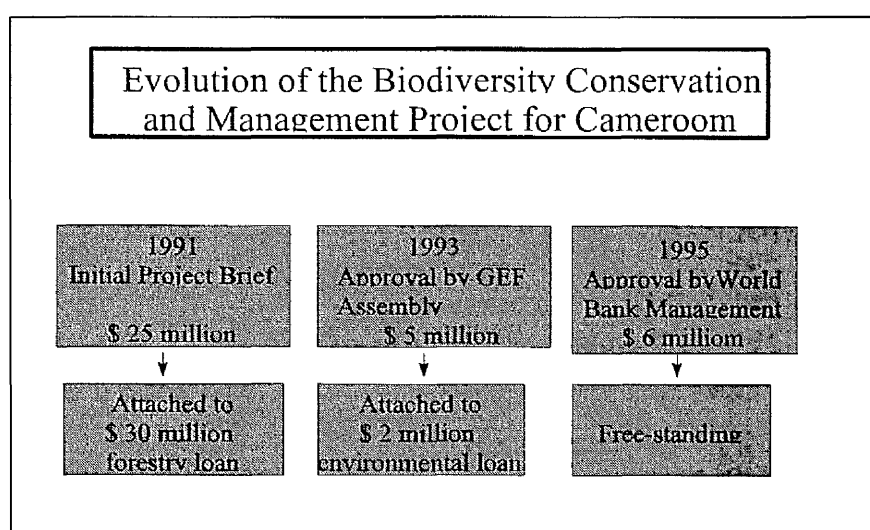


Fig. 7.1 Evolution of GEF Project in Cameroon

The reduction in GEF funding was partially compensated for by a new co-financing arrangement which, in addition to the GEF, included the Government of Cameroon and six additional donors. Total project costs were now estimated to be ca. \$ 12 million as opposed to the initial \$ 25 million in GEF grants (fig. 7.2). The number of co-financing arrangements is important since it can greatly increase the complexity of a project and thereby generate a heavy load of project management and coordination requirements.

⁷ UNDP, World Bank, UNEP - Global Environment Facility. April 1993. Work Program - Fiscal Year 1993 - Fifth Tranche, p. 5-9.

⁸ Only GEF project exceeding \$ 10 million must be presented to the World Bank's Board of Executive Directors for approval.

⁹ The most likely reason for abandoning this idea was reluctance on part of the Government to borrow on IBRD term for ecological protection.

GEF Project for Cameroon: Sources of Financing

Sources of financing	Amount	Percentage
	(US \$ '000)	
Govt. of Cameroon	1,000	8
Govt. of the Netherlands	1,880	15
Govt. of Germany	1,500	12
Govt. of France	1,240	10
European Union	40	1
Govt. of UK	770	6
GEF	5,960	48
Total	12,390	100

Fig.7.2 Sources of Financing for GEF Project

Source: World Bank- GEF Project Document biodiversity Conservation and Management Project for the Republic of Cameroon, March 1995

7.3.2 Concepts and Contents

Three project documents describe in varying detail the project, its objectives, benefits and risks. These are the initial GEF project brief (Global Environment Facility 1991), an environmental analysis (Government of Cameroon 1993) and most importantly, the final 'green cover' project document (World Bank 1995g). Both the initial project brief and the environmental analysis contained too little specific information to provide guidance for project execution. The 'green cover' document, which describes the project as approved by World Bank management, is the most important and detailed of the documents. It exists only in an English language version, a language which is not widely spoken in Cameroon and where French continues to be the dominant European language.

The green cover project document (World Bank 1995d) explains the rationale for the project, lists its objectives and project components and lays out a plan for project execution. The rationale for GEF funding is that "The protection of natural forest and savanna ecosystems in Cameroon is of high international importance" (World Bank 1995d:5). The emphasis is placed on the country's diversity in forest-dwelling primates (in Africa "second only to Zaire"), the fact that Cameroon is home to the only remaining population of black rhinoceroses in west central Africa as well as the country's large numbers of endemic bird and plant species.

The main objective is to consolidate and upgrade the management of protected areas by: "...a) providing support to the government in its efforts to manage and conserve biological resources; b) promoting involvement of rural populations in biodiversity conservation; and c) encouraging sustainable utilization of renewable resources and promoting sustainable and environmentally compatible development in regions surrounding the Protected Areas" (World Bank 1995d:2).

The document states that the areas to be protected have been selected by the project (*i.e.* World Bank-GEF) because they are key habitats for globally threatened species. There is no mention of consultation with government, at the national or local level, or rural people in the selection of the protected areas. The seven areas to be protected with assistance from the GEF are the Campo reserve on southern coast, Mount Kilum, Mount Koupe and Mount Cameroon in the western Highlands and the Lobeke, Boumba Bek and Nki forests and faunal reserves in the lowlands of eastern Cameroon (fig. 7.3). Assistance with the protection of several savanna ecosystems would also be financed by the project (World Bank 1995d:3).

The green cover document refers to the fact that the Government of Cameroon is preparing a national environmental management plan (NEMP) in cooperation with the United Nations Development Programme. Although UNDP is a partner in the GEF, the World Bank-GEF project chooses not to integrate its own activities with this planning exercise and justifies the parallel nature of its own endeavour by stating that the innovative features of the GEF project with regard to community participation in protected area management should enhance the NEMP process by providing it with examples of 'best practice' (World Bank 1995d:2).

The Cameroonian lead agency for the project is the Ministry for Environment and Forestry (MINEF) which was created in 1992. According to the green cover document, the ministry would be responsible for establishing a technical steering committee for the national coordination of the project while a special unit to be established in its Department for Wildlife and Protected Areas (DWPA) would be in charge of day-to-day project administration and coordination. In addition to contributing \$ 1 million in co-financing, the Government of Cameroon is to finance staff salaries and contribute to the operating expenses of the project.

Since government capacity for project implementation is considered to be limited, the green cover document specifies that it is a condition for grant effectiveness that the Department for Wildlife and Protected Areas enters into contracts which "...are acceptable to the Bank..." with selected non-governmental organizations (World Bank 1995d: 35). These NGOs are the World-Wide Fund for Nature (WWF-US), the Wildlife Conservation Society (WCS-US) and Birdlife International (UK). In addition, contracts should be established with Kew Botanic Gardens, the German Agency for Technical Cooperation (GTZ) and the Netherlands Development Organization (SNV) (World Bank 1995d:31). These organizations are in charge of executing site-based activities of the project (*e.g.* management plan development, baseline studies, surveys and inventories).

While the green cover document does not specify how it is to be done nor allocates specific financial resources for the purpose, it emphasizes the need for local community involvement in programme planning and execution and promises to help reconcile the global benefits in maintaining biodiversity with national and local interests in increasing sustainable revenues from protected areas (World Bank 1995d). Fig. 7.4 shows the funding for various project activities.

Disbursement Categories in US \$ thousand	
Category	Total GEF Amount
1. Civil Works	550
2. Vehicles, Goods, Equipment	570
3. Technical Assistance, Studies, Consultancies	2,100
4. Training	320
5. Operating costs	1,630
6. Unallocated	830
Total	6,000

Fig. 7.4 Disbursement Categories for GEF Project
Source: World Bank- GEF Project Document Biodiversity Conservation and Management Project for the Republic of Cameroon, March 1995.

The project document identifies the risks of the project. It states that the long-term sustainability of the project will ultimately depend on the Government's ability and commitment to finance the long-term recurrent costs. Another identified risk is that the Government may want to raise additional revenue by opening up new areas to logging which could make it difficult to maintain protection zones of

sufficient size to maintain ecosystem processes and the usufruct rights over certain forest areas for local communities.

The project was subject to an Environmental Analysis (EA) which was carried out by a French consulting company on behalf of the Government of Cameroon. The EA emphasizes the need for on-going monitoring and evaluation because it recognizes that its own contribution is of limited value as actions to be undertaken by the project were not yet defined.¹⁰ Based on its limited information, the EA concludes that the overall impacts of the project would be environmentally beneficial, although it also points to potential risks. One risk is that project activities, especially if they include some logging component, could attract poachers into new areas. Another risk is that strict protection of the reserves in south-eastern Cameroon could be harmful to the indigenous, forest-dependent, Baka people who, according to the EA, would have to change their way of life or move out of the area.¹¹

The EA consists mostly of a compilation of maps and statistics that were previously produced in other types of reports and its general analysis is too much on the surface to provide useful guidance for project implementation.

7.4 Plural Interests and Unequal Power

7.4.1 Underlying Causes and Risk Assessment

What are the underlying causes of biodiversity loss in Cameroon? The green cover project document states that Cameroon's forest ecosystems are under pressure from a rapidly growing population, commercial forest exploitation and increasing international demand for timber (World Bank 1995g:7).

According to some estimates, Africa's population is expected to triple by the year 2025 (World Resources Institute 1990). World Bank publications on Africa refer consistently to population pressure as the main cause for environmental degradation and poverty across the entire continent (World Bank 1989c, Cleaver & Schreiber 1992). The generalized analysis of African demographic tendencies ignores varied historical processes and geography

¹⁰ Evaluation d'Impact Environnemental du Projet "Conservation de la Biodiversité au Cameroun" May 1993 (carried out by a French consulting company on behalf of the Government of Cameroon).

¹¹ Ibid., page 11.

(Williams 1995).¹² A mention of marked differences in patterns of fertility and rates of population growth between different countries and regions would have been especially appropriate in the context of Cameroon's forests. While demographic data may be sparse, anthropological studies find that there is no demographic pressure coming from indigenous forest populations in the central African forest (Bailey 1996). Low fertility rates of the populations of the Ituri forest in the former Zaire have been documented over several decades and these have been demonstrated to hold true for other forest people in central Africa's moist tropical forest region (Bailey 1996). While all the reasons for the low fertility may not be known, it is believed that sexually transmitted diseases play a considerable role in widespread sterility (Bailey, Bahuchet & Hewlett 1990).

Farmer migrants who have settled along the small dirt roads in the forest regions have higher fertility rates than the indigenous forest peoples. There is, however, a consensus amongst government officials, NGO representatives and academics in Cameroon, that demographic pressure is not a problem in the south-eastern and southern forest ecosystems of Cameroon which are to be protected with assistance from the GEF. Forest conversion by local people occurs in some areas but this is due not to population pressure per se, but to the continuing economic crisis in Cameroon (Sunderland et al. 1997).

The misreading of the demographic situation in the main project areas indicates that neither demographic nor socio-economic surveys were carried out in preparation for the project before its approval. Instead, the green cover document relied on the World Bank's general assessment of population pressure in Africa.

The director of the Environment Department in Cameroon's Ministry for Environment and Forests (MINEF) explains "The disruption of the forest is not created by the local people, uncontrolled logging is the problem."¹³ The green cover document agrees that increased logging is an immediate risk to the project (World Bank 1995g:7). It does not, however, refer to 'uncontrolled' logging by the private sector, but to the government's temptation to generate additional revenue through logging. The discussion of Cameroon's Forestry Code shows that powerful political forces in the country resist restrictions on logging activities which would

¹² For a detailed analysis of the World Bank's use of the population/ environment linkage in Africa see the study by Williams G. 1996. Modernizing Malthus, in : Crush, J. (Ed.) Power of Development.

imply losing opportunities for economic rents and the ability to dispense patronage (chapter 5). The World Bank-GEF project seeks to address this risk by requiring that the government issue an implementation decree for the wildlife and protected area sections of the new Forestry Code (World Bank 1995g:7).

New laws and decrees do not necessarily translate into political will and say little about actual capacity to enforce them, as the delays in the application of the new Forestry Code show (chapter 5). Also, in addition to the problems of enforcing laws and rent-seeking by politicians, there are other forces driving deforestation (and biodiversity loss) which the Bank is in a unique position to influence. These are discussed in other chapters and just briefly referred to here:

(1) Structural adjustment and foreign debt related pressures to generate foreign exchange earnings from increasing exports of primary commodities, timber being at the top of the list. The budget cuts in government agencies, which reduce the government's ability to control the activities of private logging companies (chapter 5).

(2) The risks of World Bank loans for large-scale infra-structure development in opening-up new areas to logging which were previously inaccessible (chapter 6).

The World Bank-GEF project does not refer to the implications of these policies and projects for biodiversity conservation. It also chooses to ignore the political-economic context of the project. There is, for example, no reference to the lack of the rule of law and basic rights for ordinary citizens and especially for the indigenous Baka and Bakola peoples and their farmer neighbours in the forests where the project plans to intervene.

7.4.2 The Role of Project Actors

As Blaikie puts it, when we imagine a piece of land somewhere in the tropics, we bring in normative ideas about what should be happening there (Blaikie 1995b). A World Bank mission in search of a potential GEF project would interpret the landscape of Cameroon with the cultural and technical means at its disposal. Blaikie refers to this as the 'social construction of the landscape or the environment' (Blaikie 1995b). The World Bank's interpretation of the landscape in Cameroon can be deduced from its choice of actors who are charged with

¹³ Fonki Tobias Mbenkum, Director of the Environment in MINEF. Interview with the author.

implementing the project. These are first and foremost major northern conservation organizations concerned with wildlife protection. In addition to cultural affinities, there are other advantages inherent in this choice of partners. The World Bank taskmanager of the project explains that the project supports northern NGOs so that they can play a role in strengthening government institutions, considered to be weak and lacking in capacity.¹⁴ Also, the choice of NGO partners signals a more open and participatory World Bank and GEF which pleases donor governments who are facing pressure for more openness and transparency in international financial institutions from environmental groups at home. It also made donor governments more receptive to calls for co-financing and several bilateral aid agencies have become additional project participants by providing both funding and technical assistance (Fig. 7.2). Last, but not least, the northern conservation organizations already have a long-standing presence in the country, particularly World Wildlife Fund and Birdlife International. They greatly facilitated the critical stage of project identification because they were already working in some of the areas that became components of the GEF project.¹⁵

The choice of northern conservation organizations indicates a conceptualization of biodiversity rooted in conservation biology with a marked interest in 'charismatic fauna', *i.e.* a focus on animal (or bird) species that their membership and financial contributors in developed countries cherish and wish to see protected. Their experts in the field are mostly biologists, although there may be a sprinkling of social scientists here and there.

Returning to Blaikie's classification of conservation approaches, the project's focus on protected areas and its implementation by northern conservation organizations indicates that the 'classical approach' to conservation is strongly present, even if in a modified form. The government here is, to a certain degree, being replaced by expatriate conservation experts. The repeated reference in the project document to the need for the involvement of local people also reveals the presence of a neo-populist element. There is little specific guidance on how local people might be involved, however, nor are there separate budgetary resources for a broadly participatory approach, and as such it is largely left to the northern NGOs

¹⁴ Claude Heimo, taskmanager for the GEF project. Interview with the author.

¹⁵ Steve Gartlan, director of the WWF office in Cameroon. Interview with the author.

to decide on how to include local people in the planning and implementation of the various project components.

There are four broad groups of project actors at the interface between global conceptions and local priorities concerning biodiversity in Cameroon, which are characterized by unequal access to power (Fig. 7.3). Each group is heterogeneous and competition and conflict between its constituent members is a frequent occurrence.

Global Actors	National Actors
The World Bank-GEF (other bi-lateral donors)	The Government of Cameroon (Cellule FEM, MINEF, Caisse Autonome d'Armortissement)
Northern Conservation Organizations (WWF, WCS, Birdlife Intl., and others)	Cameroonian civil society organizations Local farmers Baka and Bakola Indigenous Peoples

Fig. 7.5 Global and Local Actors in GEF Project

Each group of actors has its own underlying institutional/ or community goals:

(1) World Bank-GEF (and bi-lateral donors)

Goal: Mobilize financial resources from government sources, commit these resources for determined development and/or environmental purposes, then mobilize more financial resources to further expand programmes.

(2) Government of Cameroon

Goal: Obtain resources from abroad, preferably in grant form, in order to be able to carry out specific tasks. Carrying out these tasks would otherwise not be possible

as the financial situation is constrained as a result of budget cuts caused by a severe foreign debt problem and structural adjustment programmes.

(3) Northern conservation organizations

Goal: Demarcate conservation areas/ national parks, carry out biological surveys, botanical and zoological inventories and generate interest (and funding) from the public in developed countries.

(4) Civil society organizations, local and indigenous peoples in Cameroon

Goal: Obtain the right to have voice in decisions affecting the communities' livelihoods, work to ensure continued access to resources in areas deemed to be of global significance, to protect the survival of the community and the preservation of spiritual values.

The next section analyses how the goals or agendas of the different actors are playing themselves out in Cameroon.

7.4.3 Multi-Level Discord

The project involves nine expatriate project executing agencies, many of them funded by bilateral aid money in addition to GEF funds. Their activities are spread out over at least six project sites with weak, if any, communication between them (LeBlanc 1997). The World Bank's taskmanager describes the project as being a conflict rather than a project.¹⁶ This is one statement on the project that all actors participating in the project appear to agree on.

Each group of actors has its own set of grievances against the project.¹⁷ In addition to the various levels of conflict that is pitting the three most powerful actors against each other (World Bank/ Government/ northern NGOs), there is conflict amongst the NGOs and amongst different government agencies. In the process, the role of the fourth actor, Cameroonian civil society organizations and local people, has largely been lost. There is little indication that local farmers and

¹⁶ Claude Heimo, Taskmanager for the World Bank-GEF project. Interview with the author.

¹⁷ Information obtained by the author from representatives of the 'actors' in Washington and in Cameroon.

indigenous peoples who are directly affected by the establishment of protected areas have had much of a say in decision-making concerning resource use options and protected area management.¹⁸

The World Bank and the local and indigenous peoples find themselves at opposite ends of the spectrum with regards to "...access to power in which to pack their own particular knowledge claim and enroll others into their project" (Blaikie 1995b:207). At one end of the spectrum is the influence of the World Bank, which holds the purse strings not only of the GEF grant but represents the key to access to international financial assistance in general. At the other end are the local farming communities and the Baka and Bakola peoples who, under present conditions, have few bargaining chips on the unequal playing field. The Government of Cameroon does not recognize the existence of vulnerable ethnic minorities in the country. There is no recognition of the economic and social value of the traditional farmer-'Pygmy'¹⁹ relationship and of the contribution that the 'Pygmies' are making to the national economy by exploiting forest resources on a sustainable basis (Sayer et al. 1992). The Government describes the Baka and Bakola peoples as 'marginal populations' which must be integrated into mainstream society (Government of Cameroon 1990).

With local and indigenous peoples on the margins of project activities and World Bank project activities limited to short-term missions to the country, the actors in the field are the international NGOs and bilateral agencies executing the project and the Cameroonian government agencies in charge of coordinating their activities. Both these groups of actors appear to be placed in an uncomfortable position since they are expected to take on tasks for which they are not equipped.

Cameroonian Government Agencies:

The mandate of the GEF is to provide grants to governments. The World Bank-GEF, however, has little confidence in the capacity of Cameroonian government agencies to execute the project. The World Bank-GEF tries to address the problem by requiring, as a condition for grant effectiveness, that MINEF enter separate contracts for project execution with international NGOs and institutions

¹⁸ Interviews with Cameroonian NGOs in 1997 and 1998.

¹⁹ The term 'Pygmy' is used in quotation marks because the Baka and Bakola people feel that the term is pejorative and prefer to be called by their proper ethnic names.

(WWF, WCS, Birdlife International, Kew Gardens, the Dutch forestry research institute Tropenbos) as well as with the German, Dutch and French technical assistance agencies (World Bank 1995g:31).

A special project unit, 'cellule nationale de coordination', is established within the Department of Wildlife and Protected Areas in MINEF. The 'cellule' is charged with coordinating the project activities of the international organizations. The stated goal of the GEF project is to make use of the international organizations to strengthen local institutions in order to allow them, over time, to play a larger role in project management and execution (World Bank 1995g:4). The question of how the imposition of a large group of expatriate institutions on MINEF may add to a sense of 'country ownership' of the project is not being considered.

The task of coordination was especially difficult because of the lack of a comprehensive strategy for biodiversity conservation, which, according to MINEF's Director for the Environment, led the expatriate institutions to believe that they could act independently.²⁰

The GEF project document recognizes that MINEF is seriously underfunded, but despite the difficult situation, claims that MINEF is giving top priority to the GEF project (World Bank 1995:2). The coordinator and the head of the 'cellule' in MINEF emphasized in statements to a project evaluator that government salaries had been cut by 72% since the early 1990s and that there were few incentives for staff to take on the GEF task (LeBlanc 1997:9). Having few resources at his disposal and lacking the ability to hire his own staff, the coordinator felt overtaxed with the task of coordinating the activities of a diverse group of foreign actors, who had at their disposal material resources, information and specialized expertise, which Cameroonian government agencies could not match.²¹

The 'cellule' also faced resentment from other sections of MINEF because of the perception that it had certain privileges, the most noted one of which is that it has the use of a vehicle paid for by the project. This illustrates the difficulties under which MINEF operates. The Forestry Department, which is located in MINEF and is charged with controlling the logging companies, has no vehicles at its disposal for independent inspection of logging sites. According to the Director

²⁰ Fonki Tobias Mbenkum. Director of Environment, MINEF. Interview with the author.

²¹ Ibid.

of MINEF's Environment Department, the World Bank had declared government vehicles to be a liability and requested, as part of a structural adjustment programme in the late 1980s, that all vehicles be auctioned off.²²

An additional handicap for the coordinator of the 'cellule' has been his difficulty in obtaining timely payments from the project's state banker, the Caisse Autonome d'Amortissement. This has further reduced the authority of the 'cellule' in coordinating the activities of the international organizations which were able to tap their own independent sources of funding instead of having to rely on the coordination unit.

International Conservation Organizations:

The experience of some of the international conservation organizations illustrates how they, each in its own way, feel hamstrung by the World Bank-GEF, which they feel is too rigid in its approach, and by the Cameroonian government agencies which are considered to be incapable and even 'pathetic'.²³ Steve Gartlan, the Director of WWF-Cameroon who has several decades of experience in working on environmental protection in Cameroon, states that the project was flawed from the very beginning, because it represents a relatively small amount of funding which is spread out far too thinly. He cites the example of the Lobeke region, an area of about 4,500 square kilometers, for which the project makes available \$ 200,000 per year.

Birdlife International perceives the World Bank-GEF project as obstructing community participation. Birdlife requested funding from the GEF project to finance a broad-based participation exercise with local people in the Mount Kilum-Ijim and the Mount Koupe project areas, where it operates. The request was turned down by the World Bank's taskmanager for the project.²⁴

The Botanic Garden in Limbe, which is the project component supported by the Royal Botanical Gardens at Kew, is equally frustrated with the World Bank-GEF project. One of the tasks for the Botanic Garden in Limbe was to collate all the information coming from the different GEF project components in order to

²² Ibid.

²³ Steve Gartlan, Director WWF Cameroon, Interview with the author.

²⁴ Robert Lake, Birdlife International. Information provided to the author.

create a faunal and floristic baseline. But the GEF project did not provide the necessary funding for the activity.²⁵

The political obstacles to involving local communities in the establishment of protected areas became especially evident in the Lobeke region. Before final approval of the GEF project, US AID provided financial support for initial studies for the protection of the Lobeke region. The beneficiary of the funding was the New York-based Wildlife Conservation Society (WCS), which had sent a team of biologists and anthropologists into the field. Bryan Curran, who led the anthropological work, felt strongly that the borders of the reserve would have to be changed if community participation were to be meaningful. He had found that local people were not opposed to the reserve as long as they could continue to have access to their dry season fishing grounds within the reserve. The government agencies, however, did not authorise a change in the boundaries of the area to accommodate the needs of local communities. Curran, whose position was based on his personal sense of responsibility and not on official WCS policy, made further enemies when he informed local people about the possibilities of establishing a community forest under the new Forestry Code and about the possibilities of revenue-sharing with sport-hunting and logging companies. Finally, his denunciation of the connivance of senior government officials in poaching operations in the region led to the expulsion of WCS from southeastern Cameroon at the end of 1995.²⁶ Within days the gap created by WCS's departure was filled by its long-standing competitor, WWF.

A project evaluation report commissioned by the GEF Council as part of its overall GEF evaluation activities (LeBlanc 1997), confirms many of the findings obtained in interviews with different project actors. The report, the main goal of which was to establish the lessons being learned from the GEF pilot phase, emphasizes that few lessons are emerging from the Cameroon project:

"Substantive issues such as participation appear in project documents, but these issues seem to have become stale after their necessary passage in the project proposals. Concepts that have come of age over recent years such as capacity development for the environment, or the most central issue of all which is

²⁵ Terry Sunderland, Adviser to Limbe Botanical Gardens. Information provided to the author.

²⁶ Bryan Curran, Anthropologist with WCS. Interview with author. The account provided by Curran was confirmed by Samuel Nguiffo, Director of the Center for Environment and Development in Yaoundé.

sustainability of the impact, are hardly mentioned.... In project operations terms, there is no framework for participation, for community development, for conflict resolution, nor for participatory monitoring, etc. No one in the field is pushing for such a framework." (LeBlanc 1997:6-7).

7.4.4 Policy Aspects of Project Implementation

Integrating conservation and development activities is a complex task and still more difficult in a socio-economic environment of substantial decline. Could adherence to the World Bank's policy guidelines have facilitated the task and led to perhaps a more pragmatic and modest project design, more broadly supported within the country than the present highly disparate efforts led by uncoordinated international organizations?

This section refers briefly to the policy guidelines on environmental assessment (OD 4.01) and on the disclosure of operational information (BP 17.50) followed by a more detailed analysis of the guidelines on Indigenous Peoples (OD 4.20).

Environmental Assessment (OD 4.01)

World Bank staff determined that the GEF project for Cameroon did not require a full environmental assessment because of the perceived environmentally beneficial nature of the project. However, since the project would involve work in remote biodiversity-rich areas, the project was classified as a 'Category B' project, *i.e.* a project which requires a less stringent environmental analysis than the full environmental impact assessment required for 'Category A projects'. A central feature of the operational policy is that:

"The Bank expects the borrower²⁷ to take the views of affected groups and local NGOs fully into account in project design and implementation, and in particular in the design of the EAs. This process is important to understand the nature and extent of any social or environmental impact and the acceptability of proposed mitigatory measures, particularly to affected groups." (Shihata 1994:157).

The Operational Directive continues by spelling out that meaningful consultations require the disclosure of information on the project before the

²⁷ In the case of GEF projects, this should read grantee and not borrower.

consultations take place. Once the EA report has been completed, it is to be made available at a public place where it is accessible to affected groups and local NGOs for their review and comment.

The EA for the World Bank-GEF project in Cameroon did not follow these guidelines. The EA does not refer to consultations and the continuous monitoring and evaluation process, which it recommends and which might have provided room for a consultations with affected groups, was not put in place.

Disclosure of Information (BP 17.50)

The Bank Procedures on Disclosure of Operational Information and its Annex A, which refers specifically to GEF projects, commit the Bank to make full information promptly available. It lists the different types of project documents and where and when they are made publicly available. Many project documents are at some point in the project cycle made publicly available at the PIC (Project Information Center) located at World Bank headquarters in Washington, D.C.. There is no explicit requirement to ensure that the project documents are made available, let alone actively disseminated, in languages that are locally understood in the project countries.

The green-cover World Bank-GEF document was not translated into French. The more limited environmental analysis is a French language document. Were these documents available to affected people and local NGOs in Cameroon? Technically, the answer may be yes, because the Government agencies and some of the international organizations must have had access to copies. The problem is that local NGOs and much less affected people would not have known about the existence of these documents.²⁸

Indigenous Peoples (OD 4.20)

The principal goal of OD 4.20 is to ensure that indigenous peoples do not suffer adverse effects during the development process (in this case biodiversity protection process) and that they receive culturally compatible social and economic benefits. The goal is to be achieved by developing an indigenous peoples plan

²⁸ Information provided to the author by numerous local NGOs and academic sources in Cameroon.

which is based on the informed participation of the indigenous peoples themselves (Shihata 1993:237).

Harvey emphasizes the need to put the relation of man to nature in history and quoting the work of Cronon cites the example of how the New England environment "...was the product of more than 10,000 years of Indian occupation and forest use (promoting, through burning the forest edge, conditions which tend to be so species diverse) and was misread by the settlers as pristine, virginal, rich and underutilized by indigenous peoples" (Harvey 1996:184, Cronon 1993). Implementation of the OD on Indigenous Peoples could prevent a 17th century misreading of a geographic place being repeated in the late 20th century on another continent. The OD gives the indigenous peoples themselves a voice in decisions affecting them.

At present, changes in the forest over which indigenous peoples have no control make it increasingly difficult for them to sustain a semi-nomadic and flexible indigenous mode of production. The argument being made here is not that indigenous peoples have an innate conservation ethic but that ecological transformation imposed from outside has the potential to destroy indigenous ways of production without replacing them with viable alternatives.

What impact does OD 4.20 have on the Biodiversity Conservation and Management project for Cameroon? The EA states that strict protection of the reserves in south-eastern Cameroon could be harmful to an estimated 15,000 Baka who depend on access to the forest for their survival and that in such a case "Ils devront changer leur mode de vie ou s'exiler" (Government of Cameroon 1993:11). The idea that biodiversity conservation may require an ecological transformation of such magnitude that indigenous peoples are deprived of the ecological basis for their particular way of life, does not have a scientific basis. There is growing recognition that biodiversity and cultural diversity are linked in a two-way fashion and that both people and their habitats are part of a reciprocal system (Vansina 1990). Bailey states that biodiversity exists in central Africa today, not despite human habitation, but because of it (Bailey 1996:325).

While the EA shows no awareness of the requirements of OD 4.20, the green cover project document does not even refer to Cameroon's indigenous peoples although their presence in several of the areas to be protected under the GEF project is well documented, including by Bank staff.

World Bank sociologist Mary Dyson warned that several of the proposed national parks to be funded with the GEF grant were known to be the home of 'Pygmy' populations who are socially and politically disadvantaged vis-à-vis the Bantu population. She states that "The Project will be an important test for the Operational Directive, which in such cases requires an indigenous peoples' plan that should take into account both pygmies and traditional forest farmers" (Dyson 1992: 214).

The operational directive on indigenous peoples (OD 4.20) defines 'indigenous peoples' as social groups "...with a social and cultural identity distinct from the dominant society that makes them vulnerable to being disadvantaged in the development process." (Shihata 1993:234). This definition applies to the Baka and Bakola peoples as do a list of specific characteristics of indigenous peoples which OD 4.20 spells out. These include indigenous peoples' close attachment to ancestral homelands and to the natural resources in these areas, their self-identification as a distinct group, their indigenous language, etc.

As Dyson puts it, an indigenous peoples' plan must also take into account the traditional forest farmers, with whom the Baka and Bakola have developed exchange relations over long periods of time. Anthropological studies describe the 'Pygmy'-farmer relationship as vital to both groups' economic, social and psychological well-being and that programmes exclusively aimed at 'Pygmies' might disrupt social and economic networks that reduce risk and uncertainty (Bailey, Bahuchet, Hewlett 1990). According to local accounts, the interdependency is increasingly being eroded as logging companies and poachers advance into 'Pygmy' forests and deprive them of the essential goods that make them a valued trading partner for the farmers, such as cooking oil and medicines made from various components of the Moabi tree (*Ballionella toxisperma*) and bushmeat.²⁹ As a result the 'Pygmies' are increasingly ill-treated by the Bantu

²⁹ Information gathered by the author in Baka areas in May 1997.

farmers, a situation which gives added urgency to integrate both groups in an indigenous peoples plan that OD 4.20 calls for.

A 1997 report to the then ODA found that stakeholders in remote parts of south and east Cameroon have no influence on decisions regarding forest resources and that small Bantu communities and Baka and Bakola 'Pygmies' are completely excluded (Burnham & Sharpe 1997).

Baka Women and Children in south-eastern Forest (K. Horta)



Fig. 7.6 Baka Women and Children in south-eastern forest

7.5 Organization Theory Meets Praxis

The GEF has the mandate and the funding from its shareholders to protect biodiversity. Since the World Bank is the GEF Implementing Agency for the Cameroon biodiversity protection project, World Bank policies apply to the project. Over the years the World Bank has adopted a series of policies such as the ones referred to above, which provide specific and, at least in theory, mandatory guidance to its staff to carry out this mandate. How can theories of organization help explain the problems encountered in the mini-laboratory of the Biodiversity Protection and Management project for Cameroon? Analysing an individual project does not yield results that are automatically applicable to other similar

projects but it can provide insights on why institutions are failing to live up to their publicly stated commitments and thereby perhaps throw some light on Harvey's question about the kind of power structure which is able to arbitrate between global and local geographic scales.

The political science perspective can provide an important contribution to the understanding of international organizations. The 'realist' approach in political science holds that international organizations are effective only to the extent that they serve the interests of the most powerful states (Dillon et al. 1991). Clearly, the environment and biodiversity were put on the agenda of the World Bank and the GEF was created as the result of the concerns expressed by the institutions largest donor member states (chapter 4). While a more detailed analysis of the complicated nature of the institution's relationship with its heterogeneous state membership follows in a later chapter (chapter 9), the underlying power relationships are clearly important in determining the overall direction of the policy debate and the availability of and access to financial resources. But the political science perspective, including its realist theory, has limited explanatory power in the analysis of the organizations' behaviour and performance within the framework of its basic commitments.

Organizations, in this case the World Bank and the GEF, are political entities in their own right and not simply an instrument in the hands of its shareholders (Ascher 1983, Williams 1997). The conceptual framework provided by the open system perspective of organization theory, which examines how organizations interact with their environment, has much to offer in explaining why institutions behave in a certain way (Le Pestre 1986). International institutions cannot simply be assumed to be acting on behalf of the 'public interest'. The public choice approach, which raises the possibility that international organizations operate in their own interests, seeks to explain the politics and internal dynamics within international organizations (Dillon et al. 1991).

According to these theories, international organizations have two broad categories of goals. The first category consists of organizational goals related to the organizations' own survival and expansion, which includes the need to have control over resources and autonomy in decision-making. The second category of goals relates to the purpose and policy objectives of the organization and is referred to as value allocation (Le Pestre 1986). Theory of organization, especially the public

choice approach, holds that organizational goals take precedence over value allocation (Dillon et. al 1991, Le Pestre 1986).

When applied to the World Bank and the GEF, this broad conceptual framework has global reach and its impact is felt at the local geographic scale as in the case of the Biodiversity Protection and Management Project for Cameroon. The following section analyses the relevance of the theory for this project.

7.5.1 Control over Resources

Organizations interact with their environment. When politically active constituencies in major donor countries began expressing concern about environmental degradation in developing countries, particularly in tropical rainforest areas, the World Bank developed a pro-active strategy by adopting the environmental agenda as its own and positioning itself as a possible manager for financial resources intended for global environmental projects (Chapter 4). World Bank expansion into new areas became imperative because it was linked to access to resources. Northern governments were increasingly under pressure to be perceived as doing something about global environmental problems. They could have decided to address the problem by focusing on bilateral cooperation with developing countries, by working with United Nations agencies or by creating a new institution. Any of these solutions would have had the potential to divert financial resources away from the World Bank and to diminish its relevance in the international development/environment debate which was growing in importance just prior to the 1992 United Nations Conference on Environment and Development in Rio de Janeiro.

At the initiative of developed country governments, the GEF was successful in positioning itself prior to the 1992 United Nations Conference on Environment and Development as the most effective channel for new funding dedicated to global environmental issues (Chapter 4). Once additional financial resources are secured, the problem becomes to find 'bankable' projects in which to invest them.

The microcosm of the Biodiversity and Management Project for Cameroon is an example of how organizational goals supersede value allocation. It confirms the well-documented pressure on the GEF and on the World Bank, its parent

organization, the World Bank, to 'move money' (Wapenhans 1992, Global Environment Facility 1994a, Lancaster 1997). A central force behind this 'lending imperative' is that failure to obligate available funds is likely to reduce the amount of government contributions to the institutions in the next replenishment period. The following indications show that this pressure was indeed at work in the preparation and implementation of the World Bank/GEF project for Cameroon:

* Lack of socio-political considerations

No analysis of the socio-political constraints on the feasibility of the Biodiversity Conservation and Management project was carried out.³⁰ Such an analysis would have shown that the question of land tenure, which a 1997 report to ODA describes as the 'real powder keg' (Burnham & Sharpe 1997), bears a strong influence on prospects for biodiversity conservation. Under existing Cameroonian law, drawn from French colonial law, customary rights in forest resources are not recognized. This leaves the Baka and Bakola peoples without the right to their traditional forest lands since all forests belong exclusively to the state and facilitates the granting of logging concessions by the higher echelons of government, often without even the knowledge of the Forestry Department in MINEF (Burnham & Sharpe 1997). This type of analysis would not have been welcome by the government as the project could have been blocked from going forward.

* Arbitrary amount of financing

The project started off as a \$ 25 million grant attached to a \$ 30 million loan. There was little concept of how either the grant or the loan were going to be used or what the absorptive capacity of the Cameroonian government agencies was. As a result of political pressure,³¹ the GEF-funding was later reduced to \$ 6 million with no noticeable change in stated project goals.

³⁰ The World Bank's Articles of Agreement preclude the Bank from interfering in the political affairs of any member. But the interpretation by the Bank's legal counsel allows for political factors to influence Bank decisions when they are deemed to have direct and obvious effects on the work of the Bank (Lancaster 1997).

³¹ It is relatively rare that political pressure can be brought to bear on individual projects, because the Executive Directors to the World Bank do not have the staff or resources for detailed supervision of projects (Chapter 4).

* Fragmentation of Responsibility

There was little consultation with biodiversity experts and sociologists both inside and outside of the World Bank, who would have argued that biodiversity conservation problems require less capital-intensive investments but long-term solutions built on a reflection of local needs and perceptions and human relationships among the interested parties (McNeely 1993, Davis (Ed) 1993). The Bank environmental and social experts were on the sidelines, involved in numerous other tasks such as preparing conferences on environmental topics such as the value of indigenous knowledge. The disconnection between the different sections in the bureaucracy is documented in the previous chapters on World Bank policy recommendations and investments in infrastructure as well. The causes of the lack of connection will be further analysed in the final chapter (chapter 9).

* Lack of Institutional Assistance for Staff

Although it is the largest GEF Implementing Agency, the World Bank has neither hired staff nor provided specific training to existing staff in this new area of work. The operational staff responsible for the Biodiversity Conservation and Management project had little institutional assistance in taking up the new issues, which lay outside their area of expertise.

* Strategic Alliances

Organizational theory hypothesizes that entering coalitions helps control competitors and expand resources. The establishment of the GEF itself is a good example of this organizational strategy in which the World Bank officially entered as an equal member of a tri-partite coalition, but in which it ultimately is the dominating actor (Chapter 4). In the context of the Biodiversity Protection and Conservation project for Cameroon, the World Bank-GEF project establishes partnerships with some of the leading conservation organizations in the world, which helps to increase its legitimacy in the field of biodiversity and its management and control of the largest single source of funding for this purpose.

7.5.2 Value Allocation

The previous section shows how organizational goals are the driving force behind the Biodiversity Protection and Management project for Cameroon. The

purpose of the project, *i.e.* the protection of biodiversity, including the empowerment of local communities and of indigenous peoples, as enshrined in World Bank operational directives, appears to be more of a secondary consideration. In view of the political sensitivity of 'local empowerment', the GEF project might have focused on less controversial aspects, which the institutions themselves perceive to be essential to project success such as institution building and ensuring the long-term financial viability of the project once GEF resources are no longer available. Long-term financial viability is listed as a potential project risk, but is not addressed by the project. An important question to ask is how the project approaches institution building since this is a topic World Bank research emphasizes as being critical to the long-term viability of its projects (Gray et al. 1990).

The GEF project addresses institution-building by setting up a semi-autonomous unit within MINEF and relying for project execution almost entirely on international conservation organizations, whose presence and expertise is expected to promote an institution-building process in Cameroon. International conservation organizations are usually staffed by conservation biologists and occasionally by social scientists. Their expertise and mandate do not necessarily include institution-building. The extensive use of expatriate experts by itself does not appear to be conducive to strengthening local capacity.

On the other hand, the establishment of semi-autonomous units, such as the 'cellule de coordination' in MINEF, which often exist in an uncomfortable parallel with other technical branches of government, does not reflect a strategic approach to institution-building and institutional development may actually be weakened as a result (Duncan 1997).

The project's approach to institution-building as well as its lack of adherence to World Bank operational directives discussed in previous sections are examples of weak value allocation. While there is conflict amongst the different project actors, most, if not all of them, including the World Bank task-manager, agree that the project is accomplishing little. Although the role of individuals can be very important, the problems at hand have less to do with the work of individuals than with the overall institutional forces at work. These include the lack of supervision and incentives for staff to adhere to the organizations' operational directives. One internal World Bank survey found:

"Unfortunately, we were told that no incentives exist in the Bank for good supervision—that the incentives stopped once a project was taken to the Board. Responsibility for project outcomes seems to be very weak" (Gray et al. 1990:26).

Returning to the question about the characteristics of political power structure capable of arbitrating between global and local geographic scales (Harvey 1996), the preceding analysis indicates that organizational structures are needed which put value allocation first and whose control over resources depends on the degree to which they meet the purpose for which they were established. Such organizational structures would be more likely to create the space for negotiation, which Blaikie calls for (Blaikie 1995), in which the interests of the various actors, including those of the most powerless groups, such as Cameroon's Baka and Bakola peoples, are taken into account.

7.6 Summary

The goals of the Biodiversity Conservation and Management project are to consolidate and upgrade the management of protected areas in Cameroon. The World Bank, which serves as the Implementing Agency for this GEF project, emphasizes a 'neo-populist' approach, *i.e.* the inclusion of rural populations in biodiversity conservation in its project documents. In practice, the nine different project components are being executed by a diverse group of international conservation organizations and by bi-lateral aid agencies, which are bringing their own co-financing to the project. A special unit in Cameroon's Ministry for the Environment and Forests (MINEF) was established to coordinate GEF project activities in the country but in the absence of a comprehensive biodiversity conservation strategy, the project's many components and foreign experts have rendered this task too complex. As a result, the project is perceived to consist of disconnected activities in which each actor acts independently.

Although the World Bank's Operational Directives (OD) apply to GEF projects when the World Bank is the Implementing Agency, the project pays little attention to them. An example is OD 4.20, which obliges the World Bank to consult with indigenous peoples and ensure that they do not suffer adverse effects as a result of World Bank/GEF activities. There is no systematic involvement of

local communities affected by the project and Cameroon's indigenous forest dwellers, the Baka and Bakola peoples, are not mentioned in the World Bank/GEF project document. The socio-political conditions in the country which are driving deforestation and the loss of biodiversity are not analysed.

The Biodiversity Conservation and Management project for Cameroon is an example of an activity driven by the organizational goals of an institution. Having expanded into the area of the 'global environment', both the GEF and the World Bank are under pressure to show 'results' by making funding commitments for projects. In response to the question on the characteristics of political power structures which can mediate between global and local levels, the analysis presented in this chapter suggests that organizational structures which put value allocation first and whose control of resources depends on the degree to which they meet the goals for which they were established, can provide part of the answer. Such organizational structures would also be more likely to create the space for negotiation (Blaikie 1995) in which plural views, including the ones of the politically weakest groups, contribute to the social construction of landscape.

The next chapter contrasts the findings of the Cameroon case example of this and the two previous chapters with the World Bank's and GEF's own evaluation reports. This helps mitigate the methodological risk of having focused on a single country and may help indicate whether the place-specific findings in Cameroon form part of more systemic patterns of institutional behaviour.

CHAPTER 8

THE INSTITUTIONS' OWN EVALUATION EFFORTS: PROVIDING CONTEXT FOR PLACE-SPECIFIC FINDINGS

8.1 Introduction

The previous three chapters have examined the degree to which the World Bank and the GEF adhere to their own biodiversity-related policy statements and mandatory operational guidelines in three distinct types of programmes which they finance in Cameroon. This chapter briefly reviews the central findings from the case study material concerning the three programme areas (1) economic policy-making (2) infrastructure development and (3) the GEF-financed biodiversity project. The World Bank is in charge of preparing and implementing all three projects, although the latter is a GEF project, *i.e.* it is funded by a GEF grant and not by a World Bank loan.

Limiting the case study material to one single country carries methodological risks. While these risks cannot be completely eliminated, the World Bank's and the GEF's own evaluation and quality performance reports provide a broader context for the Cameroon case examples and indicate whether or not the findings form part of larger institutional trends. The context of the institutions' own evaluation reports helps to relate the place-specific results to a more systemic pattern of internal institutional dynamics. This chapter provides an overview of several public and internal World Bank evaluation reports as well as an overview of two GEF-commissioned evaluations, which are relevant to how the institutions comply with their own policy mandates. It then relates the case material findings to the broader institutional patterns revealed in the institutions' own assessments.

8.2 Overview of Case Study Material

There are few systematic and independent assessments of the environmental consequences of World Bank/ GEF financed programmes or of the institutions' compliance with their own environmental policy mandates. The lack of case studies representing all regions and sectors makes it difficult to analyse to what degree the institutional changes at the policy level (*e.g.* commitments to protecting biodiversity and the participation of local people) have had concrete impacts in the

investments made by the institutions. So far the evidence points to very partial institutional change which is inherently uneven and often contradictory (Fox & Brown 1998). The case material examined in detail in the previous three chapters, which is summarized below, bears this out.

8.2.1 Policy-Based Operations

The World Bank's 'policy dialogue' with its client governments takes two main shapes (chapter 5). The broad World Bank blueprint for a country's development is the Country Assistance Strategy (CAS), a document which, according to World Bank procedures, is to be prepared in a participatory manner with the government. The other part of the dialogue is reflected in structural or sectoral adjustment loans, which, as a matter of principle, require a borrowing government to adopt a set of macro-economic policy reforms aimed at opening up a country's economy to international trade and investment. In the case of Cameroon, the structural adjustment loans included conditionalities to promote reforms in the country's forestry policy. This policy and its implementation are perhaps the most critical factor in biodiversity conservation in Cameroon.

World Bank publications emphasize that the CAS, the first element of policy dialogue, is the vehicle through which the Bank, in dialogue with the governments, works to ensure that biodiversity concerns are taken into account in economy-wide policies and development programmes. The expected outcome is to make sectors such as agriculture, forestry, tourism, energy and infrastructure more biodiversity-friendly (World Bank 1995a:25). The World Bank's primary environmental concern in Cameroon is the protection of the country's natural forests, which are considered to be key habitats for globally threatened biodiversity (World Bank 1995d). The biodiversity of Cameroon's forests is at the centre of both the World Bank's and the GEF's environmental considerations in the country.

How did the CAS for Cameroon reflect these concerns and how are they integrated in the development strategy that it proposes?

The CAS is mostly a crisis narrative about Cameroon's serious debt problem. It emphasizes activities related to extracting and exporting primary commodities as the main way out of the crisis. It is focused on macro-economic policy reforms to help Cameroon restructure its economy "...to remain competitive in a rapidly changing world" (World Bank 1996h:13). The CAS does not mention

that Cameroon's main export commodity, aside from oil, is tropical timber from uncontrolled exploitation of the country's tropical rain forest, a sector which is riddled with corruption.

The CAS does make reference to biodiversity and the need for sustainable management of the country's forests but these areas are relegated to other Bank programmes such as a National Environmental Action Plan (NEAP) and the GEF-financed biodiversity project. This 'ghettoisation' of the environment/ biodiversity away from the powerful macro-economic terrain (*i.e.* benefiting from large-scale financial backing) to the relatively weak areas of the Bank's environmental and social expertise areas, which have no autonomous budgets, is a tell-tale sign of the distance between the domain of real financial decision-making and the institution's environmental policy commitments. World Bank research emphasizes that "...the conservation of biodiversity depends in large measure on how well policies and programmes in the economic sectors manage to address biodiversity" (World Bank 1995a:I). There appears, however, to be no mechanism which translates the findings of the institution's research into practical considerations at the operational level.

An additional element to be considered is the secrecy surrounding the CAS. Despite its key importance as a multi-year development plan, the CAS is a confidential document until after it has been adopted by the Bank, *i.e.* until when public debate can no longer influence the outcome. This is not easily reconcilable with the Bank's policy statements on the need for broad-based public participation as the underpinning for sustainable development processes, including environmental and biodiversity protection. A further indication of the restrictive nature of the CAS for Cameroon is that it has not been officially translated into French, the country's main European language. Only an unofficial translation was done in order to facilitate the dialogue with the government.

The second element of policy dialogue concerns the forest policy conditionalities that have been part of successive World Bank structural adjustment loans beginning in the late 1980s. Given the fact that the forest sector in Cameroon is riddled with corruption, Bank efforts have focused on increasing transparency in the sector with the goal of increasing government revenue from industrial logging operations which are expanding across most of the country's forest areas.

A more transparent allocation of forest concessions through competitive bidding, lengthening of the concession periods and a simplified forestry tax system are the corner stones of the reform efforts. In addition, the World Bank promoted a provision in Cameroon's 1994 Forestry Code which allows for the establishment of community forests. This provision created a legal basis for granting communities stewardship over their traditional lands and empowering them to confront loggers and poachers in their forests.

The ideas contained in the new Forestry Code represent a substantial improvement over the status quo of forestry practices in Cameroon but they do not go as far as unambiguously advancing social and environmental objectives. They fall short of the World Bank's goal of creating a framework for biodiversity conservation and sustainable forest management with local participation (World Bank 1994b). Competitive bidding is believed to help reflect the value of timber in concession areas but it cannot ensure the production of non-market, public or collective benefits, such as biodiversity and watershed protection and erosion control benefits. The Forestry Code's provision for community forests on the other hand, requires detailed inventories and officially certified management plans which in most cases make it too cumbersome and costly for local communities to apply for community forests on their traditional lands. The World Bank's offer of opening up the bidding process for concession areas to local communities represents a misreading of power relationships in Cameroon, where local communities usually do not have the resources to compete with transnational logging companies.

In practice, Cameroon's new forestry code is not being implemented since the corruption in the forest sector is an important source of income for politicians and members of the elite. This has not kept the World Bank from making new loans to the government and reiterating its requests for reforms in the forestry sector (World Bank 1998b).

Notwithstanding the lack of consistency between the Bank's environmental policy statements and its development planning and lending for policy reforms in a client country, the CAS and the Bank's efforts to reform Cameroon's Forest Policy reveal a measure of porosity to new ideas and the potential for more far-reaching change. They make reference to the need for governance reforms to address pervasive corruption. They refer to the importance of social and environmental

issues. The next step would be to relate these types of issues to their own macro-economic and sectoral reform proposals. This might reveal several inherent contradictions, such as an intent to fight corruption while providing rapidly disbursing structural adjustment loans with few possibilities of checking where the money goes, or demanding that borrower governments protect their country's forests at the same time as calling for an increase of exports which leads to the conversion of forest lands through agricultural expansion or logging. Acknowledgement of the underlying contradictions may open the way to more open strategies which are not singularly focused on macro-economic equilibria.

8.2.2 Infrastructure Development

The infrastructure development area considers two distinct projects: a Transport Sector loan, which was approved in 1996; and a planned oil pipeline traversing Cameroon from north to south, which as of this writing (May 1999), is in the advanced stages of preparation (chapter 6).

The Transport Sector loan included plans for the rehabilitation and upgrading of several road segments in ecologically sensitive rain forest areas inhabited by semi-nomadic Baka people. According to Bank operational policies, especially OD 4.01 and OD 4.20, both a full environmental impact assessment and an indigenous peoples' plan are required for this type of investment. One of the World Bank's regional sister banks, the African Development Bank, had refused financing for one of these road segments in 1993. It based its decision on the findings of an environmental assessment which had concluded that rehabilitating this particular road in Cameroon's south-eastern forests would cause irreversible environmental and social impacts as a result of vastly increased logging.

World Bank staff in the Infrastructure Operations Division prepared the Cameroon Transport Sector loan without taking the Bank's applicable and mandatory policy guidelines into account. An environmental assessment was not carried out and the existence of Baka people, a vulnerable minority in one of the project areas, was not acknowledged. Despite these serious shortcomings, Bank environmental experts from the Africa Technical Department signed-off on the project. These experts, however, were given too little time and too little information to assess the possible environmental implications of the project by the operational department, the Infrastructure Operations Division. Once made aware

of the situation by outside groups, Bank environmental staff acknowledged that their sign-off on the project had occurred under time pressure and lack of specific project information. They agreed that World Bank mandatory policy guidelines had been violated, especially the ones on Environmental Assessment and Indigenous Peoples.

The planned Chad-Cameroon oil & pipeline project is one of the largest infrastructure projects to be built in Africa. Starting at the oil fields in southern Chad, the 1,100 kilometer-long oil pipeline will traverse Cameroon from the north to the Atlantic coast. Three of the world's largest oil companies, Exxon, Shell and ELF, are promoting this project and have repeatedly stated that the project will not go ahead without World Bank co-financing. World Bank participation serves as risk insurance for the oil companies. Any government in power in this politically volatile region will have to be on good terms with the World Bank if it wishes access to both public and private international financing.

The project is billed as a model for cooperation between the private sector and the world's leading development agency. World Bank participation in the project means that application of its environmental policies is mandatory.

Unlike the Transport Sector loan which was very much out of the public eye until it reached the project approval stage, the Chad-Cameroon project has received early attention from human rights, development and environmental organisations in Northern as well as Southern countries. The reason for this can in part be traced to the media attention on the Ogoniland situation in neighboring Nigeria, where oil exploitation has severely impoverished local people by destroying their water sources and fields. Ogoniland galvanised international public opinion when the most prominent Ogoni leader, Ken Saro Wiwa, and several of his colleagues were publicly hanged.

In order to obtain World Bank co-financing, the Oil Consortium commissioned an extensive environmental assessment which includes symbolic gestures towards complying with World Bank environmental guidelines. There were pro-forma meetings with non-governmental-organisations and groups of local people, including the Bakola people. The Bakola inhabit Cameroon's southern rain forest which the pipeline will traverse. However, as field research shows, local people and non-governmental organisations received little or no information on the possible environmental impacts of the project, which include possible oil spills,

deforestation and the spread of diseases, including higher rates of malaria and substantial increases in AIDS infections. The oil companies largely limited themselves to trying to recruit non-governmental organisations as sub-contractors and to inform local people that they would lose some fields and trees. The oil companies announced that there would be compensation for the assets being lost. However, the rates of compensation were not discussed with the villagers.

Given the controversial nature of the project, non-governmental organisations in Germany and the Netherlands requested that their governments carry out an independent evaluation of the quality of the multi-volume environmental assessment. The conclusion of both studies was that the environmental assessment presented by the oil consortium was of poor quality and inadequate given the magnitude of the multi-billion dollar project. Public attention emboldened the Bank's environmental staff to produce their own very critical analysis of the environmental assessment. According to numerous interviews with World Bank staff, the high public visibility of the project had, at least temporarily, increased the standing of the environmental experts within the organisation.

As a result of the criticism, the oil companies are currently preparing additional environmental studies, including an indigenous peoples plan, in order to comply with, or at least to be perceived as complying with, World Bank policy directives.

The Chad/ Cameroon oil and pipeline project is a clear indication that public scrutiny is a critical variable which tends to promote greater attention to World Bank policy mandates. As long as there is public attention, World Bank management is concerned about critical media reports, inquiries by members of parliaments or the U.S. Congress, etc.. Public attention also helps create the political space within the bureaucracy for environmental and social science experts whose existence within the institution is often tenuous. Since they do not have autonomous budgets and must "sell" their expertise to the operational departments, they are often severely constrained in raising questions which might lead to the delay of projects.

8.2.3 GEF Biodiversity Investment

The GEF has three Implementing Agencies, the World Bank, the United Nations Development Programme and the United Nations Environment

Programme. Since the GEF has not established a uniform set of guidelines for the projects it funds, it is left to the Implementing Agencies to apply their own policies (chapter 7). Amongst the World Bank policies which are applicable to GEF biodiversity protection projects implemented by the World Bank are the operational directives on information disclosure, environmental assessment and indigenous peoples. Unlike World Bank loans which, even at low interest rates and long maturity rates, add to a country's debt burden, GEF funding comes mostly in the form of grants in amounts of several million U.S. dollars.

The GEF project for biodiversity protection in Cameroon was subject to an environmental analysis which, by definition, is shorter and less in-depth than a fully-fledged environmental assessment. An environmental analysis is usually considered to be adequate for projects intended to have positive environmental impacts. The environmental analysis, which at the request of the World Bank was carried out by a French consulting company for the Government of Cameroon, consists mostly of a compilation of maps and statistics that were previously produced in other types of reports. In addition, its analysis is too general to provide useful guidance for project implementation. The environmental analysis itself points out that its usefulness is limited because it was written before the specific actions to be undertaken by the project were defined (Republic of Cameroon 1993). Based on its limited information, the environmental analysis concludes that the overall impacts of the project would be environmentally beneficial, although it also points to potential risks. One risk is that project activities, especially if they include some logging component, could attract poachers into new areas because of improved transportation, especially the building of logging roads, into remote areas. Another risk is that strict preservation of the reserves in south-eastern Cameroon could restrict the use of the forests and thereby be harmful to the ca. 15,000 indigenous Baka people whose livelihoods depend on continued access to their traditional forest lands. According to the environmental analysis, the Baka would have to change their way of life or move out of the area (Republic of Cameroon 1993:11).

The stark choice put before indigenous peoples to either change or leave their traditional homelands reveals that the consulting company and the Government of Cameroon did not know about World Bank's policy requirements concerning the participation of indigenous peoples in programmes that directly

affect their lives. The World Bank's policy on indigenous peoples (OD 4.20) requires the Bank not to fund projects which bring harm to vulnerable populations.

On the other hand, the GEF biodiversity project for Cameroon does envision ample participation by Northern conservation organisations. The World Bank, as Implementing Agency for this project, knew that government capacity for project execution was very limited. Although the GEF grant had to be channeled to the government, a condition for grant effectiveness was the requirement that the government sub-contract the work to well-known international organisations such as World-Wide Fund for Nature (WWF-US) and Birdlife International (UK).

The choice of Northern conservation organisations indicates a conceptualization of biodiversity rooted in conservation biology with a marked interest in 'charismatic fauna', i.e. a focus on animal (or bird) species that the membership and financial contributors of the organisations cherish and wish to see protected. Their experts in the field are mostly biologists, although there may be a sprinkling of social scientists here and there.¹

A political advantage of choosing Northern NGO partners is that it signals a more open and participatory World Bank and GEF in the donor countries. This pleases donor governments who wish to see these reforms and who face pressure for more openness and transparency in international financial institutions from environmental pressure groups at home.

The World Bank-GEF project document promises to reconcile the global benefits of maintaining biodiversity with national and local interests in increasing sustainable revenues from protected areas. It also emphasizes the need for local community involvement in programme planning and execution, but does not specify how this is to be done and does not allocate specific financial resources for the purpose (World Bank-GEF 1995d).

The same project document makes no reference to indigenous peoples although their presence in several of the areas to be protected under the GEF project is well documented, including in the environmental analysis carried out for the project. The key project document has mostly been available to Northern conservation organisations. It was not translated into French, which is more commonly understood in Cameroon.

¹ Interviews with representatives of World-Wide Fund for Nature, Wildlife Conservation International and Birdlife International.

The GEF project in Cameroon has run into serious problems and is strongly criticized by all parties involved, including the participating Northern conservation organisations. Integrating conservation and development activities is a complex task and still more difficult in a socio-economic environment of substantial decline. Adherence to the World Bank's policy guidelines might have facilitated the task and perhaps led to a more pragmatic and modest project design but one more broadly supported within the country than the present highly disparate efforts led by uncoordinated international organisations.

8.3 World Bank Evaluation Reports

The World Bank's stated mission is to promote poverty alleviation and sustainable development. Its policy statements and mandatory operational policies are meant to help the institution accomplish these overall goals. Given the lack of independent studies on how the World Bank adheres to its own policies in the context of concrete programmes, it is necessary to turn to the institution itself for further insights.

The World Bank, however, does not routinely monitor and evaluate the projects it finances. Although the World Bank has specific guidelines on project monitoring and evaluation (M&E), these are not followed in a systematic fashion. While it noted a trend towards improvement, the World Bank's own Operations Evaluation Department (OED) concluded that the Bank's record on M&E is very poor especially with regards to project implementation (World Bank 1995j). In addition, whatever project monitoring reports or mid-term evaluations there may be, these documents remain solely in the hands of Bank management. They are not distributed to the institution's board of Executive Directors and they do not enter the public domain.

The poor monitoring and supervision of projects by Bank staff increases the weight of the reports carried out by the World Bank's Operations Evaluation Department (OED), a semi-independent unit within the World Bank. OED reviews project completion reports prepared by World Bank staff on a selective basis and provides authoritative assessments of the effectiveness of Bank policies in accomplishing the Bank's development goals. Occasionally, senior World Bank management requests additional evaluation reports which are often based on the data and findings by OED.

Some of the evaluation reports referred to below, especially the OED studies on environmental assessment and on poverty assessment, as well as the Quality Assurance Group (QAG) studies, cannot be found on the institution's web page nor in the World Bank's information shop. These studies are internal documents, but since the institution is not monolithic, there are sections within it which believe that transparency and public scrutiny can only benefit attempts to reform the institution from within. As a result, important internal documents, especially those which are circulated widely within the institution, find their way into the public realm.

8.3.1 OED Reports

OED's independence from World Bank management is important as a means to ensure that evaluation is impartial and free from bias in its findings, analyses and conclusions (World Bank 1994g). The independent character of OED is due to the establishment in 1975 of the post of director-general. The director-general reports directly to the World Bank's Board of Executive Directors and represents a fundamental link in the accountability of the institution to its shareholding governments (fig. 8.1).

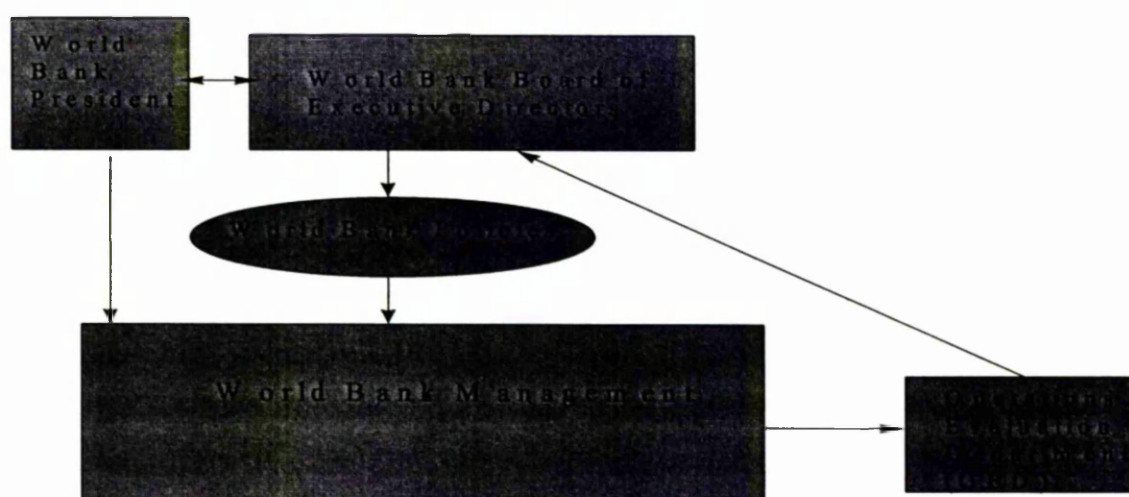


Fig. 8.1 Institutional Context of Operations Evaluation Department

OED reviews project completion reports prepared by operational staff and carries out independent reviews of the development impact of selected Bank

operations, policies and business processes. Some of its reports are confidential internal documents which are provided to the institution's Board of Executive Directors and circulate within the institution, others such as the *Annual Review of Evaluation Results* are available to the public.

Amongst the OED reports which have great relevance for the study of the degree to which the institution adheres to its own policies as they relate to biodiversity conservation, are the reviews on the effectiveness of environmental assessments (World Bank 1996a) and on the progress regarding its poverty assessments (World Bank 1996h). The central findings of these reports are summarized below:

(a) Environmental Assessment (World Bank 1996a)

The OED report emphasizes that its focus is not on assessing compliance with the operational directives related to environmental assessments *per se* but on the impact of the Bank's procedures. It states that:

- the environmental assessments are carried out in isolation from project preparation efforts;
- when the environmental assessment is finally completed, the project design is often already finalized, thus there is no meaningful consideration of alternatives (which is a specific requirement of OD 4.02);
- there is often no follow-up on the environmental assessment once a project has been approved;
- environmental assessments are often not understood by project implementation staff and copies are in many instances not available in project offices.

In summary, OED concludes that environmental assessments are often a mere pro- forma exercise with little influence on project design, which "...generated massive documents that are of little use in project design and during implementation" (World Bank 1996a:6). According to OED, the recommendations and mitigation plans of environmental assessments are not adequately integrated into project implementation and related World Bank supervision is weak (World Bank 1996a:6).

Thus, while there is formal policy compliance, *i.e.* an environmental assessment is being carried out, specific provisions of the Operational Directive are ignored, such as the requirement to consider project alternatives. Given the lack of integration of environmental assessment and actual project design and implementation, the intent of the policy, which is to avoid and mitigate environmental impacts, is being lost.

The same OED report analyses the effectiveness of National Environmental Action Plans (NEAPs) which the World Bank requires all its IDA borrowers to undertake. As with environmental assessments, the NEAP represents, in most cases, a mere formality with little practical relevance. "In most countries few environmental professionals and staff working in Bank-financed projects had ever heard of the NEAP" (World Bank 1996a:8).

(b) Poverty Assessment (World Bank 1996j)

The reduction of poverty is the very *raison d'être* of the World Bank. The Bank's major donor governments made the preparation of poverty assessments a condition of the US \$ 18 billion replenishment for IDA, the World Bank's soft loan lending window, for the period 1994-96. The goal of poverty assessment is to improve the incorporation of poverty reduction elements in the institution's main lending operations.

OED's review of the World Bank's compliance with its operational directive on poverty assessment (OD 4.15) is relevant because World Bank publications frequently establish a link between poverty, environmental degradation, deforestation and biodiversity loss. In addition, the operational directive itself emphasizes the link between poverty and the environment and includes related issues such as questions of ownership and access to assets.

Not unlike OED's findings with regard to environmental assessments, the OED study on World Bank poverty assessments concludes that these assessments only have very limited practical relevance. Poverty assessments, which are to be completed for all of the Bank's borrowing countries, are meant to assist the Bank and the borrower to identify poverty targeted project opportunities. However, the OED report found that there was a very weak correlation between poverty assessments and poverty related lending. The poverty assessments also had little influence on the design of Country Assistance Strategies (CAS) and overall, a large

percentage of them lacked operationally useful recommendations. A key requirement of poverty assessments is the establishment of targets for the improvement of social indicators (World Bank 1996h:7). However, OED could not find a single case in its sample where this requirement had been fulfilled.

In conclusion, the OED report states "Bluntly put, a significant mismatch appears to exist between the ambition and the specificity of OD 4.15, on the one hand, and the performance of the Bank and its borrowing members countries in delivering on its provisions, on the other" (World Bank 1996h:11).

8.3.2 The Wapenhans Report

In 1992 then-World Bank President Lewis T. Preston established the Portfolio Management Task Force to examine the reasons for a marked decrease in the quality of World Bank loans. The findings from this task force are known as the Wapenhans Report, named after World Bank Vice-President Willi Wapenhans who headed the task force.

OED data, based on a review of completed projects, had revealed an accelerated and pervasive deterioration of the Bank's project performance in an increasing number of sectors. In the period between the World Bank's fiscal years 1989-1991 only 65.7% of World Bank-financed operations were rated as being successful, *i.e.* likely to reach their economic goals. Projects with severe problems were especially numerous in the water and sanitation area (43%) and in agriculture (42%). The region worst hit by problem projects was Africa (Wapenhans 1992:ii). As of 1992, the World Bank had US \$ 138 billion in lending commitments under implementation which, together with borrower country contributions and co-financing from other donors, represented US \$ 360 billion in programmes and projects (Wapenhans 1992: Annex E). With over a third of these programmes and projects unlikely to reach their economic goals, the cost for the Bank's borrowers were indeed very high (Wapenhans 1992:5).

The OED uses economic criteria as its main project rating tool. These criteria are mainly focused on the difference between the expected economic rate of return of a given project at project appraisal and the real rate at project completion. Since economics is the World Bank's chief area of expertise and economists and financial experts form the core of its staff, the finding that over one

third of all Bank operations are rated as unsatisfactory on economic grounds may be unexpected.

While the Wapenhans Report acknowledged that deficiencies in national policies, global economic downturns and other external factors play a role in poor project performance, its main finding is that the underlying problem of Bank practice is its "...pervasive preoccupation with new lending" (Wapenhans 1992:iii). Wapenhans refers to this constant pressure to lend as the Bank's "approval culture". Project appraisal, which in theory should be a disinterested assessment of a proposed project's development impact, is perceived by many Bank staff as a marketing tool to obtain loan approval and to achieve personal recognition (Wapenhans 1992:12).

According to the report, the "pervasive emphasis" on loan approval is not matched by adequate attention to implementation planning or to assessments of possible risks to the project. These findings reveal an institutional culture which is also relevant to understanding the degree of policy compliance in the social and environmental areas. In view of the subordinated role of the World Bank's social science and environmental expertise, it is fair to assume that the implementation of policies relating to these areas does not fare better than the institution's overall project implementation record. Indeed, World Bank staff interviewed by Vice-President Wapenhans and his staff in preparation for the Wapenhans Report stated that the main goal of novel features (the environment, women in development and poverty) is to secure a positive reaction by the World Bank's Board of Executive Directors. They added, however, that having to integrate environmental, gender and poverty issues into projects has rendered them too complex and prevented borrowers from effective implementation (Wapenhans 1992:5).

Based on its findings, the Wapenhans Report recommends far reaching changes in the Bank's internal values and incentives. The primary recommendation is that Bank management and staff must focus attention more fully of the Bank's central objective of achieving sustainable development impacts on the ground. According to the report, the World Bank should foster adequate participation both by Borrowers (government agencies) and intended beneficiaries throughout the identification, preparation and implementation stages of a project. Without adequate participation, successful project implementation is unlikely (Wapenhans 1992: Annex A). Participation, as previous chapters have pointed out, is an

essential component of many of the World Bank's biodiversity-related policies, including its policy on environmental assessment.

The essential conclusion of the Wapenhans report is that the World Bank must rebalance its priorities and turn away from determining its success by measuring loan approval, good reports or disbursements and instead concentrate on the on-the-ground net benefits of its loans.

In response to the Wapenhans Report, the World Bank developed an Action Plan and instituted a "country portfolio management" approach to change the culture of the Bank from the "approval culture" to the "implementation culture". However, Mr. Wapenhans himself was not convinced by the proposed measures: "It is perhaps noteworthy that the Bank's management response to the Wapenhans report does not yet address the recommendations concerning accountability. The 'cultural change' required is, however, unlikely to occur unless the recognized performance criteria change" (Wapenhans 1994: C 304).

The World Bank-commissioned official history of its first fifty years concludes that the World Bank's response to the Wapenhans report was in the classic manner of a bureaucracy under siege: it became ever more meticulous and elaborate in the design of its projects whose long-term sustainability was improbable. Instead of adjusting its overall lending volumes to some agreed-upon government effort, the institution placed its efforts in ever more meticulous engineering of its lending (Kapur, Lewis & Webb 1997:397). Another chapter in the official history summarizes the underlying problem: "The force behind this 'lending imperative' (which is often present in aid agencies) is that failure to obligate available funds within an anticipated period suggests to governments contributing funds to the Bank that they are providing more than is really needed. Should there be a shortfall in lending, contributing governments would be likely to reduce the amount of their contributions to the Bank in successive replenishment periods." (Lancaster 1997:172).

8.3.3 The Quality Assurance Group (QAG)

When Mr. James Wolfensohn took over as president of the World Bank in June 1995, he promised to revolutionize the Bank, to turn around that "huge

tanker" and move the institution to a culture of "development effectiveness" where economic, social and environmental results in the field would be the priorities.²

Within a short time of taking office, he launched a Portfolio Improvement Programme and established the Quality Assurance Group (QAG). The QAG, which consists of a group of senior managers, is charged with leading the efforts of improving the performance of World Bank projects. In order to meet its obligations, the QAG commissioned fourteen in-house sectoral reviews, covering areas such as lending for energy, forestry, and natural resource management as well as a detailed analysis of 150 projects in 25 countries. The combined effort amounted to the most extensive assessment ever of the Bank's ability to fulfill its mission. The reports consist of about 1,000 pages and were meant to be strictly internal. However, copies of some of the reports, including its synthesis report, were leaked to the press and became public.

Five years after the Wapenhans report, the QAG synthesis report provides a disturbing picture of an institution unwilling to learn from past experience: "The lessons from past experience are well-known, yet they are generally ignored in the design of new operations. This synthesis concludes that institutional amnesia is the corollary of institutional optimism" (World Bank 1997e:15). The synthesis report identifies the Bank's culture as the root cause of poor project performance, including the constant pressure to lend, fear of offending a client government and fear that a more realistic, and thus more modest, project would be dismissed as too small and inadequate in its impact. In the same vein as the Wapenhans report, the synthesis report emphasizes that active beneficiary participation in the design of a project is critical to its success. Summarizing its findings, the Synthesis report notes: "... few of the findings of these reviews are surprising or new, which raises the question of why improvements were not made earlier" (World Bank 1997e:25).

The Synthesis report lacks specific recommendations and instead implies that the problems identified are already being addressed by several initiatives such as the establishment of networks, matrices and improved portfolio management tools. These measures, however, appear to be rather formalistic in nature and not directed at influencing the underlying institutional culture.

²Notes taken by the author during a meeting with Mr. Wolfensohn and non-governmental-organisations in Washington, D.C. on 3 April 1995 prior to his taking office as president of the World Bank.

8.4 GEF Evaluation Reports

Although the GEF is a relatively young institution, it has undergone two extensive independent evaluations since its establishment in 1991. These evaluations were requested by the major shareholding governments in the GEF as part of their deliberations on replenishing the GEF's financial resources in 1994 and in 1998. In addition, several specific projects have been subject to evaluation. Amongst these is the GEF project to protect biodiversity in Cameroon.

The first evaluation report on the GEF's initial three-year pilot phase was carried out by professional evaluators in the World Bank's OED and the corresponding entities at the United Nations Development Programme and the United Nations Environment Programme (Global Environment Facility 1994a). The report is candid in the way it shows that the GEF's institutional structure and operational procedures represent serious stumbling blocks which prevent the institution from meeting most of its stated goals. In particular, it points to political and bureaucratic conflict amongst the three GEF Implementing Agencies.

According to the evaluation report, the GEF designers did not establish a clear rationale for the institution's choice of its four focal areas. It adds that the GEF had failed to establish operationally useful objectives, strategies or criteria for project selection. Although GEF projects are supposed to be innovative and ground-breaking, the evaluation finds that the GEF has not put in place a systematic mechanism for monitoring, evaluation and learning from experience of the GEF (Global Environment Facility 1994).

The evaluation identifies "the lack of agreement among industrial and developing countries on the *raison d'être*, objectives and strategies of the GEF" as the underlying cause of its operational shortcomings (Global Environment Facility 1994:5). An additional problem is the fact that the Implementing Agencies prepare the project concepts without involving the host countries early on in the process. With regards to public participation, the evaluation report states that the lack of adequate involvement of affected communities in designing and implementing the projects is a frequent and justified criticism of most projects in the portfolio (Global Environment Facility 1994:68).

At the 1992 United Nations Conference on Environment and Development (UNCED), both the U.N. Framework Convention on Climate Change and the U.N. Biodiversity Convention adopted the GEF as their interim financial mechanism to assist developing countries with meeting the Conventions' goals. Both U.N. Conventions, however, insisted on a restructuring of the GEF to make it more transparent and democratic (United Nations 1992). Following UNCED, the GEF went through a restructuring process which was concluded in 1994.

The evaluation report could have been a valuable tool for the restructuring of the GEF. It did, however, have little impact on the agreement emerging out of the restructuring negotiations (Fairman 1994). One significant example is the evaluation report's call for the establishment of an independent GEF Secretariat to replace the largely World Bank-managed Secretariat. The restructuring limited itself to the establishment of a "functionally independent Secretariat" housed and administratively supported by the World Bank and fails to establish the power of the Secretariat over the policies and projects of the GEF Implementing Agencies.

Four years after the first evaluation report, the newly restructured GEF underwent a second evaluation. This time a group of outside consultants were contracted to review the performance of the GEF in terms of internal organisation and project development procedures (Porter et al. 1998). This evaluation is less in-depth and rigorous than the 1994 evaluation report, possibly because the outside consultants have less knowledge and experience with the institutions than the professional evaluators who work within the institutions themselves. The 1998 evaluation study is, to a large degree, based on GEF Implementing Agencies' documentation. It praises the GEF for detailed and comprehensive plans for public participation and consultation with multiple stakeholder groups in the biodiversity area (Porter et al 1998:xiii). Yet it acknowledges that there is insufficient experience with the implementation of GEF programmes and that particularly in the biodiversity area, there is a dearth of information on successful projects (Porter et al. 1998). Furthermore, the evaluation points out that the recommendation made in the 1994 evaluation report to establish a GEF-wide monitoring and evaluation mechanism had not yet been implemented but that a process to launch such a mechanism had now (four years later) begun.

The 1998 evaluation report includes an analysis of the GEF Implementing Agencies' efforts at integration of the GEF goals to protect the global environment

into their regular activities and project portfolios. It is in this area that the study comes to its most significant finding: " ...it has found that the Bank has not done as much in its regular (i.e. non-GEF) portfolio of projects in the biodiversity and climate focal areas as it might have; that it has not taken steps to create staff incentives necessary to put global environmental concerns on a par with regular Bank business; that it has not systematically integrated global environmental objectives into economic and sector work or into the Country Assistance Strategies" (Porter et al.1998: xiv).

This lack of 'mainstreaming' raises questions about the institutional set-up of the GEF. Rather than create a new institution, the rationale behind creating a tri-partite mechanism co-managed by the World Bank, UNDP and UNEP was that the GEF would serve as a catalyst to 'mainstream' global environmental concerns into the much larger regular development operations of the World Bank and UNDP and thereby exponentially increase the effectiveness of limited GEF funding.

However, to the contrary, the evaluation report finds that the existence of the GEF appears to lead to a decline of World Bank funding for biodiversity projects, since more borrowing countries now have less incentive to engage themselves in this area unless they can obtain from the GEF a "global premium" associated with the protection of biodiversity of "global importance" (Porter et al. 1998:40).

8.5 Establishing a Pattern of Institutional Disconnections

The OED, QAG and GEF evaluation reports provide rigorous general analyses which might help reorient the institutions' operations. The central finding of the evaluation reports can be summarized as an internal conflict within the institutions "...where prudence and accountability considerations interfere with money flow, the lifeblood of the international financial institutions (Westberry 1998:515).

The next chapter (chapter 9) will make use of political science and theory of organisation conceptual frameworks to explain why the critical findings of the internal evaluation reports are not readily translated into practical reforms.

This section examines how the case material on Cameroon presented in Chapters 5, 6 and 7 fits into the overall results obtained by the institutions' own efforts at evaluating their overall operations.

8.5.1 Simplified Roadmap

Integrating qualitative information into a straightforward data base is not feasible without oversimplification. An attempt to do so can only produce a general roadmap to facilitate a broad overview. Although it does not capture the nuanced findings presented in previous chapters, Fig. 8.2 provides such an overview:

Overview of Policy Compliance Findings of Case Studies				
Programme	Inclusion of Biodiversity Considerations	Environmental Assessment	Participation of Local People in Decision Making	Official Evaluations of EAs or Projects
Policy Dialogue				
Country Assistance Strategy	No	N/A	No	No
Structural Adjustment Lending	No	N/A	No	No
Infrastructure Dev.				
Transport Sector	No	No	No	No
Oil & Pipeline	Yes	Yes	No	Yes/WB Env'l. Staff
GEF				
GEF Biodiversity	Yes	Yes	No	Yes/GEF-Commissioned

Fig. 8.2 Overview of Policy Compliance Findings in Case Studies

Relating the findings in these categories to the institutions' own evaluation reports shows that they fit into rather consistent institutional patterns:

Inclusion of Biodiversity Considerations

World Bank research emphasizes that "...the conservation of biodiversity depends in large measure on how well policies and programmes in the economic sectors manage to address biodiversity" (World Bank 1995a:I). Yet, biodiversity considerations are not present in the development planning and structural adjustment-type operations in Cameroon, although forestry is a major component of the latter. This confirms the findings of the evaluation reports that research and established environmental and social policies do not easily carry over to the operational level (pls. see Fig. 8.3 for an overview of the evaluation reports). The lack of attention to environmental concerns in these types of programmes also reflects the limited influence of environmental expertise: "The Bank's environment staff emphasizes that the CAS must reflect environmental and resource management concerns as part of the overall analysis, not merely as a separate sectoral concern" (World Bank 1996d:21). This, however, is what happens in the

Cameroon CAS, which relegates biodiversity to a National Environmental Action Plan (NEAP) (World Bank 1996h).

The distance between operational and environmental staff is very much in evidence in the Transport Sector loan, which indeed should have been subject to mandatory environmental policies such as OD 4.02 on environmental assessment and OD 4.20 on indigenous peoples. The infrastructure development division which prepared the loan did not feel obliged to consult with environmental staff in a way which would have provided the latter with all the necessary loan information to provide an informed opinion on the project.

Only preparation for the oil pipeline project includes biodiversity considerations, which, at least in part, may be due to the high public profile of the project. In the case of the GEF project, the question does not pose itself, since the project is explicitly meant to protect biodiversity.

Environmental Assessment

According to World Bank policy, development planning and adjustment operations do not require environmental assessments. Therefore the Country Assistance Strategy and the Structural Adjustment loans did not violate an operational policy although they failed to apply the Bank's stated commitments to biodiversity protection. The only project in the sample which violates the operational policy on environmental assessment is the Transport Sector loan. The other two cases, the oil & pipeline project and the GEF project, are in compliance with the formal environmental assessment requirements.

The type of compliance is, however, rather perfunctory. OED found that while environmental assessments (EAs) were routinely carried out, the EAs ignored the specific provisions of the operational directive such as the need to consider project alternatives and to actively involve local groups in the EA process (World Bank 1996a). Even in the Cameroon projects which underwent environmental assessment (oil pipeline and GEF project), there was a lack of active participation of locally affected people. This represents a lack of compliance with mandatory policy because it is an explicit requirement of the operational directive that the views of affected groups and non-governmental organisations be fully taken into account as a valuable way to improve decision-making.

Participation of Local People in Decision-Making

The most common critique presented in the institutions' internal evaluation reports is about the lack of participation of local people in a way which would include their views in the decision-making (Wapenhans 1992, GEF 1994, World Bank 1996a, World Bank 1997e). This therefore appears to be a consistent problem across all types of programmes financed by the institutions.

In addition to the major internal evaluation reports referred to above, the findings of two project specific internal documents are also consistent with the research presented on the Oil Pipeline project (chapter 6) and the GEF project (chapter 7). In the case of the Oil Pipeline project, World Bank group environmental staff reviewed the environmental assessment presented by the Oil Consortium. The review states that the environmental assessment for the oil & pipeline project had not been submitted for public review and that therefore the concerns of the public were not taken into account.³ In the case of the GEF project for Cameroon, an external consultant was contracted to evaluate the project in the field. His report states: "Substantive issues such as participation appear in project documents, but these issues seem to have become stale after their necessary passage in the project proposals. ... In project operations terms, there is no framework for participation, for community development, for conflict resolution, nor for participatory monitoring, etc. No one in the field is pushing for such a framework." (LeBlanc 1997:6-7).

8.5.2 'Approval Culture'

The above findings can at least in part be explained by the 'approval culture' (Wapenhans 1992). While other subtle factors are at work as well, such as professional affinities between World Bank operational staff and finance ministry officials in the client countries, the 'approval culture' is much in evidence throughout the case study material presented in previous chapters. The exception is the Oil Pipeline project where an unprecedented degree of public scrutiny, including Parliamentary inquiries and media reports, have led to a slow-down of the approval process.

³ "Chad-Cameroon Oilfield and Pipeline Project - World Bank Group Comments on Environmental Reports," 12-page memorandum without date.

The 'approval culture' with its pressure on World Bank staff and management to hasten the presentation of large programmes to be submitted for approval by the World Bank's Board of Executive Directors, is in part responsible for the divorce between World Bank analytical work and environmental and social policies on the one hand, and the operational level on the other. Under the existing imperative of making large loans, operational management has little time and incentive to worry about research findings and environmental and social policy requirements. Paying attention to the environmental and social policies is time-consuming (*e.g.* involving local people in decision-making) and presents an unwelcome barrier on the fast track to obtaining approval of a loan from the World Bank's Board and moving on to the next task.

The same 'approval culture' is present within the GEF. Concerning the GEF Implementing Agencies, Wells found that "Their major objective seems to be to secure funding approval for a project at the expense of virtually any other consideration, even if this means inflating claims for the likely effectiveness of project-financed activities, ignoring risks, and grossly oversimplifying complexities" (Wells 1994:78). The result consists of entire generations of hastily developed projects with uncertain outcomes (Global Environment Facility 1994a, Wells 1994, Fairman 1996).

All evaluation reports emphasize that the participation of affected local people and non-governmental-organisations, which is a requirement under OD 4.02 on environmental assessment, is critical to ensuring long-term project success. Such participation would necessarily contribute local knowledge to a given programme and lead to the recognition that each programme is embedded in a specific political, economic and social context. Such recognition would be likely to steer the institution away from simplification and quantification and possibly move it to "a learning approach" as opposed to "blueprint development" (Roe 1991), the standard and normative approach currently being used.

Participation, however, may challenge the existing constellation of power relationships and has the potential to threaten the political status quo. It would be difficult to reconcile with the institutions' apolitical approach to problems which is meant to appeal to both donor and client governments.

The World Bank's and GEF's drive for continual increases in their lending or grant-making volume is due to the imperative to demonstrate to member countries that the institutions are able to use all the capital at their disposal and are able to make productive use of more. Without this demonstration, governments would be reluctant to grant the institutions' periodic capital increases, which enable the institutions to expand (Miller 1996).

Many of these new issues, such as biodiversity, and even the older issues of 'helping the poor', may be difficult to fit into a mode of operation predicated on moving large amounts of money within short periods of time. As a result, the environment, biodiversity and poverty are incorporated into the institution's policy frameworks without changing the institutions' fundamental approaches. Wade has described the situation as one of "mission overload", where new issues are adopted to maintain the legitimacy of the institution (Wade 1997). Similarly, the official World Bank history states that the institution accommodates new demands by rhetoric and administrative labeling (Kapur et al. 1997).

8.6 Summary

In view of the methodological risk of examining diverse programmes in only one country, the findings of the Cameroon case studies must be confirmed by similar analyses in geographically and socio-politically different settings. However, the three place-specific World Bank and GEF programmes and the analyses of their compliance with the institutions' own policy commitments related to biodiversity can be woven into the broader institutional picture outlined by the institutions' own evaluation reports. The findings presented in chapters five, six and seven reveal a lack of relevance of the institution's research and analytical efforts for its operational work and a perfunctory approach to the implementation of its environmental and social policies as they relate to biodiversity conservation. The place-specific research results appear to form part of a broad institutional pattern, namely the "approval culture", which successive reports by the World Bank's own Operations Evaluation Department as well as GEF-commissioned evaluation reports have uncovered. These patterns are not easily discernible to the public in both donor and borrower countries since most of the more relevant World Bank evaluation reports are not in the public domain.

A critical observation in the institutions' own evaluation reports is the prevalent lack of local people's participation in the preparation of environmental assessments as well as in the design and implementation of programmes of which they are the intended beneficiaries. The case material on Cameroon confirms that the institutions' policy requirement to take local views fully into account is ignored in each of the types of programmes being examined. As a result, the programmes lack contextuality and reflect standard blueprint approaches which tend towards simplification and quantification.

In addition to being time consuming and thereby difficult to operationalize in an institutional culture driven by the imperative to make large loans,⁴ the participation of local communities may raise thorny questions concerning the distribution of political power. Thereby raising the spectre of challenging the *status quo*. While the institutions are increasingly open to questions of transparency and civil society, their apolitical and technical stance tends to obscure the constellation of power relationships in a given context.

The next chapter examines in more detail the role of shareholding governments and of internal institutional dynamics creating the gap between the institutions' environmental discourse and its biodiversity-related policies and their operational practice. It concludes with listing institutional characteristics and oversight mechanisms which are required of global power structures if they are to mediate and create spaces of negotiation between global and local geographic scales.

⁴ Grants in the case of the GEF

Overview of the Institutions' Evaluation Reports

<i>Year</i>	<i>Name of Report</i>	<i>Key Findings</i>	<i>Key Recommendations</i>
1992	Wapenhans Report: A Report of the Portfolio Management Taskforce	Pervasive emphasis on loan approval; Lack of attention to implementation planning and assessment of risks to projects; Lack of participation by borrowing governments and intended beneficiaries	Focus attention on achieving sustainable development impacts on the ground; Promote participation of borrowers and intended beneficiaries; Stop measuring success by measuring loan approval
1996	OED: Effectiveness of Environmental Assessments (EAs) and National Environmental Action Plans	EAs are carried out in isolation from project preparation and have little influence on project design; Project Alternatives are not being considered; Provisions of EAs are not integrated into project implementation.	EA guidelines should be followed more closely than in the past to provide more focus and better analysis of project designs; EA process must be better integrated into project design upstream to influence project design; Supervision plans and monitoring and evaluation systems for environmental components should be required.
1996	OED: Poverty Assessments - A Progress Review	Weak Correlation between Poverty Assessments and poverty-related lending; Fail to establish targets for the improvement of social indicators.	The content of Poverty Assessments should be systematically raised consistent with the guidance provided in the Operational Directive (OD 4.15); The social and environmental dimensions of poverty should be strengthened in the Poverty Assessments.
1997	Quality Assurance Group: Portfolio Improvement Program- Draft Reviews of Sector Portfolio and Lending Instruments- A Synthesis	Lessons of the past are ignored in the design of new operations; Pressure to lend is a root problem; Fear of offending a client government is a problem;	Active beneficiary participation is critical to project success; Establish networks, matrixes and improve management tools.
1994	GEF-Independent Evaluation Report	GEF lacks clear rationale for its choice of focal areas and on how to address them; No systematic monitoring and evaluation is in place to facilitate learning; Lack of adequate involvement of affected communities.	Establish an independent GEF-Secretariat; Establish a mechanism for identifying lessons and for promoting their application; Establish mutually beneficial collaboration with non-governmental-organisations.
1998	Porter et al.: Study of the GEF's Overall Performance	GEF has developed comprehensive plans for consultations with multiple stakeholders; Systematic monitoring and evaluation system is still in the process of being set up; World Bank has not done much to integrate biodiversity concerns into its overall lending portfolio.	The GEF should develop quantitative and qualitative indicators of successful stakeholder involvement; The World Bank should adopt public, measurable goals for the integration of global environmental objectives into its overall operations.

Fig. 8.3 Overview of the Institutions' Evaluation Reports

CHAPTER 9

BIODIVERSITY AND INTERNATIONAL FINANCIAL INSTITUTIONS: A PARADIGMATIC EXAMPLE OF UNFINISHED REFORM

9.1 Introduction

This chapter synthesizes the material from previous chapters and develops a more in-depth explanation of the behaviour of international financial institutions. In view of the wide range of possible multidisciplinary research efforts in the area of financial flows and biodiversity, the chapter begins by providing an overview of the small, yet influential area of research presented here: the compliance of the World Bank and the GEF with their own environmental and social policies as they relate to biodiversity.¹ These policies create frames of reference and accountability mechanisms for those inside and outside the institutions concerned with compliance.

The following sections examine the roles being played by the governments responsible for overseeing the institutions and by the institutional bureaucracies themselves in the uneven, and often contradictory, implementation of the institutions' policies. There is evidence for including both the political science and theory of organization perspectives which, instead of competing, are complementing each other and together allow for a more comprehensive picture to emerge. While the institutions adopted biodiversity as a priority because of external demands from important shareholding governments, the manner in which the issue is being incorporated into the daily business of the institutions remains very much a matter determined by internal institutional dynamics.

After examining the contribution of the realist perspective of political science to explaining the functioning of the institutions, the chapter briefly reviews the findings of the case studies in the areas of policy advice, infrastructure development and the GEF biodiversity protection project. The case studies results indicate the usefulness of theories of organization to explain the discrepancies between stated policies and the design of programmes.

Finally the chapter develops a simplified construct in which to examine key institutional characteristics such as institutional pressures to move funding and staff incentives, which generate their own ideas for possible solutions. In conclusion, the chapter combines the multiple strands of arguments of the previous sections to help define conditions which are indispensable if the institutions' policies and practice are to coincide. This in turn contributes to defining the characteristics of global power structures which are capable of mediating between global and local geographic scales (Harvey 1996:204).

9.2. Overview of the Research Area

In an increasingly globalized world, the power structures represented by international financial institutions play an important role in linking globally established agendas with local realities. This study focuses on the World Bank and the Global Environment Facility (GEF) because of the unparalleled power they wield in their respective areas of activity. As the world's leading development agency, the World Bank is the single largest source of financing for development purposes. Similarly, the GEF is the world's most important fund for financing projects intended to protect the global environment. Both institutions are global actors endowed with large-scale public financial resources, which share the view that the world is fast approaching the point where the Earth's physical and biological systems will not be able to meet the demand for environmental goods and services on which human societies depend (World Bank 1997a).

In the area of biodiversity in particular, the World Bank states that it has gone from "doing no harm" to strategically mainstreaming biodiversity conservation into all aspects of its lending and non-lending work (World Bank 1997a: 54). On the other hand, biodiversity protection projects represent most of the GEF's project portfolio and the GEF serves as the financial mechanism of the 1992 United Nations Convention on Biodiversity. While considered a global problem, which is often linked to global food security and medical research, biodiversity loss is an intensely local issue as the livelihoods of rural and forest communities, especially in tropical countries, are directly linked to biodiversity.

¹ The Appendix presents a summary of the World Bank's social and environmental policies which are relevant to GEF investment projects.

Although the institutions are pursuing a global agenda, their discourse and environmental and social policies commit them to building bridges to local priorities and perspectives. The discourse of the institutions endorses the strategy that giving priority to sustainable livelihoods in biodiversity-rich regions appears to be the most promising way to serve the needs of both local and international communities (chapter 2). According to the World Bank's policy on environmental assessment, for example, local people must have a voice in the design and implementation of projects that affect them.

Yet, as previous chapters have demonstrated, the institutions' discourse and policy commitments cannot be assumed to match their operational practice. The Cameroon case studies show an uneven and, overall, poor implementation of the institutions' policies. These findings are congruent with the conclusions of the World Bank's and GEF's own evaluation reports (chapter 8). The World Bank's Operations Evaluation Department (OED) states "Bluntly put, a significant mismatch appears to exist between the ambition and the specificity of OD 4.15 [poverty-related operational directive] on the one hand, and the performance of the Bank and its borrowing members countries in delivering on its provisions, on the other" (World Bank 1996h:11). In the environmental and biodiversity areas, the OED reaches similar conclusions (World Bank 1996a).

While the institutions are not monolithic blocs and their impact is not uniform, their own internal evaluation reports call for changes in institutional culture as a prerequisite to improved policy compliance. Unless their present institutional characteristics change, the international financial institutions are unlikely to become credible mediators between a diversity of interests at global and local geographic scales. In addition, there is the risk that the institutions' lack of compliance with their own policy mandates may discredit and crowd out unambiguously desirable and necessary forms of international cooperation (Vaubel 1991). This risk lends further urgency to defining the characteristics of political power structures which can open up political spaces for negotiation between global and local aspirations and interests.

The external relationships and internal dynamics of international financial institutions are multidimensional and complex. The next sections use political science and theory of organization perspectives to shed light on the external and internal factors whose interplay helps explain the institutions' behaviour.

9.3 Realist Perspective of Political Science

The realist perspective of political science states that international organizations are only effective if nation-states view them as advancing their own interests. A competing political science view holds that international organizations are instrumental in reducing the role of the nation-state and in fostering inter-dependence and exchange (Ascher 1983, Vaubel 1991).

The realist perspective holds more explanatory power for international financial institutions since their organizational structures reflect the distribution of power of its shareholding countries. Unlike the United Nations organizations, which are based on a one country/one vote system, the international financial institutions distribute voting shares proportional to the financial contribution of the member countries. The GEF's initial governance structure was built on the same principle but modified after developing countries demanded changes before endorsing the GEF as the financial mechanism for both the U.N. Convention on Biodiversity and the U.N. Framework Convention on Climate Change. As a result, the GEF's voting system now represents a hybrid form which requires double voting majorities reflecting financial contributions as well as numbers of members.²

The GEF's slight variation is more symbolic than significant since GEF decision-making is based on consensus procedures. In addition, the major donor countries to both the World Bank and the GEF can exercise informal influence over the senior management of both institutions. The influence of the United States is particularly pronounced because of the physical location of World Bank headquarters and the GEF Secretariat in Washington, D.C.. In addition, the U.S. administration has the right to appoint the president of the World Bank and has decisive influence in choosing the chairman of the GEF.

The composition of the governing bodies of both institutions, the World Bank's Board of Executive Directors and the GEF's Council, reflects the relative power of the member countries. Demands from the most powerful member governments have placed the environment and biodiversity on the agenda of the World Bank and have led to the establishment of the GEF (chapter 4).

² The GEF voting system is mostly a formality which has not yet been tested in practice.

The World Bank's Board which represents the institution's 182 member countries consists of 24 Executive Directors. The five most powerful members (U.S., Japan, Germany, U.K. and France) appoint their own Executive Directors and have between them over 40% of the voting shares. All other Executive Directors are elected by multi-country constituencies and represent more than one country.

Similarly, the GEF Council, which represents 165 member countries, consists of 32 Council members: 16 from developing countries, 14 from developed countries and 2 from countries with so-called transitional economies. The net effect is that major donors have their own Council member representing their interests while most of the developing countries are bundled together in a complex constituency system in which one Council member represents numerous countries.

The establishment of the GEF in 1991 and the World Bank's important role in its management is the result of unilateral action on the part of the richest donor countries and is largely regarded as a preemptive strike against the possible dilution of their influence (Fairman 1996). According to Fairman, these donor governments established the GEF with at least three goals in mind: to address threats to the global environment; to demonstrate environmental leadership to their domestic political constituencies; and to prevent developing countries from seizing control of the global environmental agenda in the context of the 1992 United Nations Conference on Environment and Development (Fairman 1996).

Despite the multilateral character of the international financial institutions, the determining influence of the large donor nations is unmistakable when it comes to major geopolitically important questions. An example is the World Bank's role in managing the international debt crisis of the early 1980s. According to the World Bank's official history, the institution acted in the interests of its most powerful shareholders by strengthening the creditors' cartel and banning the question of debt relief from international negotiations (Kapur et al. 1997). Similarly, the World Bank's activities in relation to countries which are important to the United States, for example, China, India, Mexico and Brazil, are constrained by the policies of the United States vis-à-vis these countries (Wade 1997a).

The realist perspective of viewing international institutions as instruments of influence and control by its most powerful members holds significant explanatory power for both the World Bank and the GEF. It explains how the environment and biodiversity became priorities on the agenda of the institutions. Responding to environmental constituencies in their home countries, donor governments saw it in their self-interest to establish environment-friendly policies to guide their development aid and to establish environmental aid budgets (Connolly 1996). According to Wade, the World Bank's adoption of the environmental agenda represented a tactical move in response to the threat of a cut in its financial resources (Wade 1997b).

While the influence of the institutions' most powerful shareholders explains why biodiversity became central to the policies of the institutions, the explanatory power of the realist perspective of political science does not reach into the internal dynamics of the institutions. The institutions have been able to carve out a space of autonomy for themselves in which internal structures and processes come fully into play. It is in this space where much of the explanation for the divergences between institutional policies and practice can be found.

9.3.1 The Quest for Institutional Autonomy

Historically, World Bank management viewed the institution's direct relationship with financial markets from which to borrow for its own lending activities as the cornerstone of managerial autonomy and freedom from political influence (Kapur 1999). Although this borrowing is backed by collateral from the donor countries, it does not limit autonomy the way direct contributions from donor governments do. Over several years, World Bank management did not want to accept IDA funds directly from donors because of fear of more direct donor government interference and loss of autonomy. The resistance against IDA only faded when it became clear that the international community was ready to place IDA with the United Nations instead (Kapur 1999).

With access to world-wide capital markets, substantial financial reserves, an annual turnover of approaching US \$ 30 billion, a net income of about US\$ 1 billion per year and about 7,000 full-time staff, the World Bank is considered to be one of the most autonomous international institutions in existence (Miller-Adams 1996).

Wade describes the World Bank's autonomy as having three principal sources: (1) its ability to influence the terms on which low-income developing countries obtain access to international capital; (2) a research and policy-design budget far larger than that of other institutions; and (3) its ability to attract global media coverage for its major reports (Wade 1996:5).

In addition, the practical autonomy and wide discretion of the World Bank owes considerable debt to the lack of supervision by its governing body, the Board of Executive Directors (Ascher 1983). The same lack of supervision applies to the GEF, whose governing Council meets only twice a year and whose permanent Secretariat has little influence over the GEF's Implementing Agencies, principally the World Bank.

9.3.2 The Role of the Institutions' Governing Bodies

The autonomy of the institutions vis-à-vis their overseers, the World Bank's Board of Executive Directors and the GEF's Council, is central to understanding the discrepancies between the institutions' policies and practice (Ascher 1983).

There are a variety of explanations for the institutions' autonomy from their governing bodies (Ascher 1983, Wade 1997a, Kapur et al. 1997). Three reasons in particular are relevant: (1) the sheer volume of work placed before the governing bodies exceeds the capacities of the small staff in the Executive Directors' offices and of the support offices in the home country ministries; (2) the high cost of information for the governing bodies and the governments they represent; (3) The fact that the political environment in which the institutions operate is not homogeneous provides the bureaucracies with additional autonomous space. Each of these reasons require some further discussion:

(1) The World Bank's Board of Executive Directors is a permanent supervisory body located at World Bank headquarters, representing the institution's 181 member countries.³ The 24 Executive Directors are most often political appointees with

³ All members of IBRD are eligible to be join the International Development Association (IDA), the World Bank's arm which provides credits to the poorest countries. 160 countries have joined IDA. Although IDA is legally and financially distinct, IDA and IBRD share the same staff and the same policies.

professional backgrounds in economics and international cooperation. Their role is to consider and decide on IBRD/IDA loan proposals and policy issues that guide the overall operations of the institution. They also are responsible for overseeing its budget process. Neither the offices of the Executive Directors in Washington, D.C., nor the offices in their home governments which support them, have the staff and the resources to cope with the amount of work in a detailed fashion. The tasks involve examining a loan portfolio of approximately US \$ 30 billion a year, the review of numerous policy documents and country studies, as well as budget and administrative matters. The result is that the Board of Executive Directors rarely reviews specific project proposals in detail, except in cases where a project has gained public visibility through the media or campaigns by non-governmental organizations.

The GEF-Council faces a similar situation. It meets only twice a year and its 32 members representing 164 governments spend most of their professional activities on other tasks. Some governments are represented by officials with background knowledge in environment and development. Other governments are represented by finance and planning ministry officials who already happen to be located at World Bank headquarters in Washington, D.C. where all GEF Council meetings take place. GEF Council members are charged with approving GEF work programmes and are provided with only minimal information on individual project proposals. In addition, much of their time during the Council meetings is spent discussing policy directions and administrative matters, including budgets and the replenishment of funds.

(2) Governments face substantial information costs if they are to keep abreast of the activities of the institutions they are sponsoring. These costs are particularly high for members of the Executive Board and the GEF Council, who have to represent whole groups of countries. In addition, there may often be language barriers. Vast amounts of English-language only documents have to be analysed within short time periods, which often is not feasible.⁴

The International Finance Corporation (IFC), the World Bank's branch which provides direct support to the private sector, has 174 members. The IFC has its own staff and its policies may or may not be identical with the IBRD/IDA policies.

⁴ The author has attended GEF Council meetings, which are open to NGOs, for several years. Council members regularly complained that they did not have the necessary time to read the documents which were only provided shortly before the Council meetings.

The overall result is that the governing bodies surrender responsibility for the design and implementation of projects to the experts in the institutions. There is great confidence in the work carried out by World Bank management for both the World Bank's own and the GEF project portfolios. Therefore the lack of attention to detail by the overseers does not seem to be important.⁵ Government representatives on the governing bodies justify this confidence by pointing to the World Bank's pioneering role amongst development agencies in developing environmental policies and having accorded prominence to issues concerning involuntary resettlement and indigenous peoples.⁶ Furthermore, shareholder governments view the fact that the World Bank (the IBRD lending window) has earned a net income every year since 1948 as evidence of good management (World Bank 1998). The latter argument ignores the World Bank's position as 'preferred creditor' whose loans get repaid independent of the success or failure of the financed operation.

An additional and important element to understanding the institutions' autonomy is that they operate in a non-homogeneous environment of underlying North-South tensions. Developing countries, often, are not in favour of environmental policies of international financial institutions because they perceive them as green conditionalities infringing their sovereignty (Wade 1997). However, they accept the institutions' environmental policy mandates as a necessity to ensure continued funding flows. The present Government of Cameroon provides an example of this when it signs agreements with the World Bank or the GEF to reform forestry practices or protect biodiversity, although there is little political will to follow-up on these commitments (chapter 5 and chapter 7).

The institutions are involved in a balancing act in which they have to please both the donor country governments and the borrowing governments. Their ability to raise funds depends on the good will of the donor governments, while their ability to fully obligate their resources means cultivating harmonious relationships with developing country borrower governments (Lancaster 1997: 174). The quote "the Bank needs Egypt more than Egypt needs the Bank"⁷ captures one aspect of the underlying diversity in

⁵ Interview with Staff of Executive Director, 9 January 1998.

⁶ Ibid.

⁷ A World Bank official quoted by Prof. Tony Allan in a communication with the author, November 1999.

which some of the large developing countries, such as China, India, Brazil and Egypt, are as central to the World Bank's viability as the large donor nations. The divergence of interests between borrowers and recipients creates a space for the institutions, a no-man's-land, which further increases their freedom of discretion.

9.4 The Case Studies: The Decoupling of Discourse from Operations

The limits of the realist perspective of the political science approach is reached where the space of autonomy in which the institutions operate begins, *i.e.* where internal institutional dynamics carry more weight than the influence of the institutions' shareholders. It is in this space, which is represented by a black box in section 9.7 of this chapter, that the institutions are able to decouple institutional discourse and policies from their operations. The contents of this black box will be analysed further below.

Although to differing degrees, the absence of symmetry between the World Bank and GEF stated commitments and policy mandates and the operational practice, represents a common thread through the Cameroon case studies examined in chapters 5, 6 and 7. The relevance of theories of organisation in helping to account for the discrepancies is briefly revisited in the case study results which follow.

9.4.1 Policy-Based Operations

Country Assistance Strategy (CAS).

World Bank statements have assured the donors, since the early 1990s, that the environment is treated as a cross-cutting discipline which is being integrated into all sectors and reflected in overall development planning, such as the Country Assistance Strategies (Wade 1996). Although the World Bank and the GEF consider Cameroon to be a country of globally important biodiversity, the CAS for Cameroon excludes biodiversity considerations. Its goal of vastly increasing export revenues to assist Cameroon in the repayment of its foreign debt to the World Bank and other donors ignores the linkages between increased exports of natural resources, mostly tropical timber in this case, and forest degradation and biodiversity loss.

Forest Policy Reform.

Since the late 1980s, successive structural adjustment programmes for Cameroon have included provisions for more transparent mechanisms to allocate timber concessions and for a simplified forestry tax system. The implementation of these proposals, which calls for competitive bidding for concession areas and improved tax collection, represents an improvement over the *status quo* of forestry management in Cameroon (chapter 5). However, while these measures promise to increase government revenues, they do not inherently lead to increased forest and biodiversity protection. In contrast, World Bank environmental statements commit the institution to creating frameworks for biodiversity conservation and sustainable forest management to be achieved with the participation of local communities (World Bank 1994f, World Bank 1995a).

9.4.2 Infrastructure Development

Transport Sector Loan.

Although the 1992 transport sector loan included road building and road rehabilitation activities in ecologically fragile rainforest areas inhabited by indigenous forest people, the loan was presented to the World Bank's Board of Executive Directors for approval without having undertaken environmental studies. Both a full environmental impact assessment and an indigenous peoples' plan would have been required under mandatory World Bank policies. World Bank environmental staff state that they provided the environmental sign-off on the project because they were given insufficient information and time for an in-depth review of the project by the operational side of the Bank, represented by the infrastructure department in this case. Once the controversial nature of this loan was publicized, they acknowledged that important World Bank policies had been violated (chapter 6).

Proposed Oil Pipeline

The proposed 1,100 kilometer long pipeline will traverse Cameroon from the north of the country to the Atlantic coast. The World Bank plans to co-finance the project with three of the world's largest oil companies, Exxon, Shell and ELF. As a result of World Bank pressure, the oil companies are seeking to comply with World Bank environmental

and social policies. They prepared voluminous environmental studies which were rejected by World Bank environmental experts because of poor quality. According to interviews with several World Bank staff, international media attention and campaigns by non-governmental organizations have increased the role of the institution's environmental staff in this project by raising the costs for the World Bank if its environmental policies are not being adhered to (chapter 6).

9.4.3 GEF Biodiversity Conservation Project

The World Bank is the Implementing Agency for the GEF biodiversity project in Cameroon. As a result, World Bank policies apply to this project. Northern conservation organizations have largely been put in charge of the project's field work. The choice of these organizations signals a more open and participatory GEF in donor countries. This pleases donor governments, which face demands for more openness and transparency of international financial institutions from pressure groups at home. It also leads Northern conservation organizations to lobby actively for funding for the GEF, which has been especially important in the United States where the U.S. Congress has been reluctant to approve the U.S. financial contribution to the GEF.

According to the GEF's own evaluation, local communities and indigenous peoples in Cameroon, whose traditional forest lands are to be protected under the project, have had minimal involvement in its design and implementation. While World Bank environmental statements consistently emphasize the need for local community involvement in project planning and execution as indispensable to ensuring project sustainability over the long-term, the GEF project document does not specify how this is to be done, nor does it allocate financial resources for this purpose (chapter 7). Further, the main project document only exists in an English language version, although French is the European language more readily understood in Cameroon (World Bank-GEF 1995d).

9.4.4 Common Patterns

The World Bank's and GEF's analytical work on the environment, their numerous environmental publications and conferences, as well as the World Bank's pioneering role

in establishing a comprehensive set of mandatory environmental and social guidelines, stand in contrast to the findings of the Cameroon case studies. Limiting the case studies to a single country involves considerable methodological risks. In order to ensure that the Cameroon examples were not isolated cases, they were placed in the context of the World Bank's and GEF's own evaluation reports of their overall activities. The results show a remarkable consistency of inadequate attention to policy implementation across the board (World Bank 1996a, World Bank 1997e, Global Environment Facility 1994a).

Wade suggests that the dimension of organizational integration of environmental considerations has been neglected in the study of environmental regimes (Wade 1996). Theories of organization can contribute to our understanding of how this integration takes place. Theories of organization are useful in explaining the decoupling of official discourse and policies from operational praxis. Applying these theories to the World Bank and the GEF does not mean casting them as monolithic blocs the activities of which are uniform everywhere. Yet a broad, general picture emerges from the institutions' own evaluation efforts and the case studies presented here, portraying an internal culture which lacks incentives for compliance with public policy commitments.

9.5 Theories of Organization

According to theories of organization, obtaining and increasing their autonomy is a central goal of institutions (Vaubel 1991). Other organizational goals of institutions include increasing the size of their budget and of their staff. Theories of organization emphasize that institutions have to be understood as full actors in their own right. New Institutional Economics and the Public Choice Approach add that public institutions are self-interested entities which cannot simply be assumed to be neutral mechanisms always acting in the public interest (Ascher 1983, Le Pestre 1986, Vaubel 1991, Toye 1995).

An added element is that international institutions, such as the World Bank and the GEF, may find it easier to pursue their organizational goals than national institutions because they may be farther removed from political control than national bureaucracies in

the donor nations (Vaubel 1991). An example of this would be the limited access of members of Parliament of shareholding countries to the institutions' documentation, such as internal evaluation reports. Similarly, in the United States, the Freedom of Information Act which applies to all U.S. government agencies, cannot be invoked to obtain information from the international financial institutions.

According to Richard Webb, one of the main authors of the World Bank's official history of its first fifty years, the World Bank's foremost goal is to ensure the survival of the institution by ensuring continued access to donor resources (Kapur et al. 1997). In his view, issues such as the environment and biodiversity, women in development and other new subject matters, are only skin-deep in order to respond to donor demands and keep resources coming to the institution.⁸ The obligation to respond to donor demands has led to "mission overload" (Wade 1997b) and a "cluttered agenda" (Ascher 1983) as the institutions take on new issues without carrying out internal adjustments. Expansion into new areas becomes imperative because it is linked to access to resources (Wade 1997b). An example of this is the World Bank's strategic decision to play a leading role in the GEF, which bolstered its credentials as an environment-friendly aid agency and established its leadership in an area of increasing interest to its major donors (Fairman 1996).

Two additional parameters can be useful in the analysis of international institutions. One consists of analysing to what degree the institutions tend to promote their own organizational goals over the values for which they were established. The second seeks to understand an institution's position on a spectrum which leads from institutional learning to institutional adaptation.

9.5.1 Institutional Objectives vs. Value Allocation

Overarching institutional goals, such as expanding budgetary resources and institutional autonomy, may be distinct from the objectives (value allocation) for which the institutions were established (Le Pestre 1986). The World Bank's objectives are poverty alleviation and sustainable development. The GEF's objectives are primarily to address the loss of biodiversity and climate change.

⁸ Discussion with Richard Webb on 5 May 1998 in Washington, D.C.

These objectives (value allocation) may enhance the more self-interested institutional goals or they may only partially coincide with them (LePestre 1986). Crane and Finkel suggest that the World Bank's interest in maintaining control over its domain may be completely divorced from its stated objectives (value allocation). They cite the fact that large scale loans continue to be made to client governments which have a poor record of redistributing income and meeting basic needs (Crane & Finkel 1981).

The examination of the World Bank's policy dialogue with Cameroon (chapter 5) indicates a similar disconnection between stated objectives and underlying institutional interests. Financing continued over the past decade despite the fact that the government showed little inclination to implement reforms in the forestry sector, which were a requirement of structural adjustment loans, or to increase its efforts in the poverty reduction area. The World Bank's institutional interests are explicitly reflected in the Country Assistance Strategy with respect to Cameroon's difficulties to "...service its external debts, even to preferred creditors" (World Bank 1996h:9). The reference to preferred creditors is a self-reference since the World Bank is the preferred creditor for Cameroon.

According to the GEF evaluation study, the GEF Biodiversity protection project for Cameroon pays little attention to local institutions and long-term sustainability (LeBlanc 1997). This again seems to be an indication of the weight of institutional goals (demonstrating biodiversity friendliness in order to please the donor community) relative to the intrinsic value of protecting biodiversity.

9.5.2 Institutional Learning vs. Institutional Adaptation

Organizations both learn and adapt because this enhances their ability to survive (Fiol & Lyles 1985). Organizational learning includes changes brought about by the adoption of qualitatively new objectives and priorities, while organizational adaptation is a reaction to new pressures or incentives but without adjustments in the organization's underlying goals and priorities.

Following public criticism of the World Bank's role in aggravating environmental degradation in developing countries, some of the most influential shareholding countries demanded environmental reforms, especially the establishment of far-reaching

environmental policies to guide operations (chapter 4). The dependence on the financial backing of these member countries increased the institution's awareness that its survival depended to some degree on sensing the mood in the main donor countries and to adapt to it (Hancock 1989). Taking new issues on board helped provide for greater certainty for the institution when major donors were moving in this direction (Ascher 1983). As Wade points out, the World Bank adopts new issues (*e.g.* biodiversity) in a ritual way since there is no adjustment in the institution's underlying goals. Rather, the response within the institution is to decouple gestures being made for external legitimacy reasons from the operational level (Wade 1997b).

The evidence of the lack of incentives for learning is highlighted by the failure to translate the results of the World Bank's and GEF's own evaluation reports into concrete changes (chapter 8). As the synthesis report for the World Bank's Quality Assurance Group states: "The lessons of past experience are well known, yet they are generally ignored in the design of new operations" (World Bank 1997e:15).

According to Turnham, international financial institutions' preoccupation with the environment is reminiscent of their preoccupation with 'basic needs' projects in the 1970s. While the debate about why these projects failed still continues, Turnham emphasizes that there is no debate about one critical weakness, which is that many projects were quickly multiplied before much experience was accumulated and before design modifications could be made (Turnham 1991).

This experience appears to repeat itself with the GEF and its biodiversity portfolio. There has been no chance to learn from and reflect on the early experience in the biodiversity area because of the pressure to allocate funding for an increasing number of projects (Wells 1994). In spite of the size and influence of their portfolios, both the World Bank and the GEF appear to have little information about the environmental and biodiversity impacts of their funding flows (Fox & Brown 1998).

9.6 A Political Ecology Framework

This and the following sections return to the question about the characteristics of political power structures which can arbitrate and translate between geographic scales

ranging from the global to the local (Harvey 1996: 204). The World Bank and the GEF are global institutions which pursue goals established at the global level, such as the protection of biodiversity. At the same time, their policies commit them to pursue these global goals in consultation with local people who are to be given a voice in decision-making concerning projects which directly affect them. These policies, such as the operational directive on environmental assessment, are potential bridges between the global and local levels. Importantly, these policies create frames of reference and accountability mechanisms for those inside and outside of the institutions who want these potential bridges to become channels of communication and negotiation with the goal of finding viable ways of protecting biodiversity based on the aspirations and interests of diverse parties. An analysis of international financial institutions, which examines the interface of the institutions' environmental commitments with the external as well as internal political factors driving the institutions' behaviour, can contribute to answering Harveys's question about the nature of political power structures able to build such bridges. Political ecology thinking applied to international financial institutions can provide insights into the external and internal conditions which are critical to ensuring congruence between stated policy commitments and operational practice.

While the World Bank and the GEF are not monolithic entities, their range of activities is complex and their staff is diverse. The research presented in previous chapters validates Wade's general observations about the World Bank's ability to decouple institutional discourse and policies from operational practice (Wade 1997b). Yet this decoupling may ultimately lead to a loss of credibility for the institutions. The danger is, as Vaubel points out, that the loss of credibility of international institutions carries the risk of discrediting and crowding out unambiguously desirable and necessary forms of international cooperation (Vaubel 1991). In Cameroon, for example, the area of biodiversity conservation is largely dominated by an ineffective and conflictual GEF project (chapter 7), which may be crowding out less well funded programmes which are more attuned to local realities, such as bilateral efforts to assist with the establishment of community forests.

The case studies and the institutions' own evaluation reports show that their public commitments often do not match their concrete actions. Despite these problems,

the World Bank and the GEF are unlikely to be replaced by new institutions in the foreseeable future and will continue to play critical roles both globally and locally. However, fundamental reforms are required to improve their compliance with their stated social and environmental policies. Such reforms warrant academic research and public attention. A political ecology focused on international financial institutions, which makes use of political science, theory of organization and perhaps additional perspectives, can provide helpful sign posts on the road to reforms.

A political ecology directed at the institutions has to include an analysis of what Toye refers to as 'opportunism' of institutions, *i.e.* viewing them as self-interested entities (Toye 1995). In addition, it has to analyse the role of the overseers of the institutions, their governing bodies, the home governments which they represent and last, but not least, the role of the public in both recipient and donor nations, which the institutions are meant to serve.

Beetham suggests that simplified constructs help explain this underlying complexity (Beetham 1996). One such construct consists of the black box, the autonomous space in which internal institutional structures and processes take place. Following this analysis, the next section returns to the political science perspective and recommends a framework for improved external oversight of the institutions.

9.7 The Black Box: A Simplified Construct

In addition to the broad parameters of analysis of institutions presented in previous sections, more detail is needed to understand how the organizational structure facilitates the decoupling of discourse and policies from operations (Wade 1997b). This organizational structure can be pictured as residing in a "black box" which exists in the autonomous space in which the institutions operate.

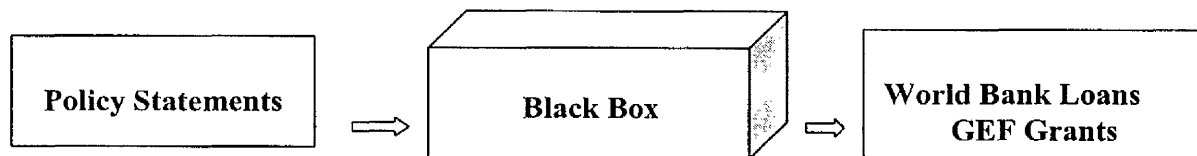


Fig.9.1 The Black Box: A Simplified Construct

At least a part of the contents of the black box can be gleaned from World Bank and GEF evaluation reports (Gray 1990, Wapenhans 1992, Global Environment Facility 1994a, World Bank 1996a, Porter et al.1998). The contents not only reveal some of the explanatory variables for the gap between policies and operational practice, they also generate proposals for possible solutions. Since the institutions are complex entities, it is unlikely that any one single variable carries sufficient explanatory power by itself, although the “approval culture,” *i.e.* the pressure to approve projects, is often listed as the major underlying factor (Wapenhans 1992). Depending on specific situations, a combination of several causes is likely to come into play. The following list (fig. 9.2) is not exhaustive and does not reflect a ranking of importance:

Imperative to Move Projects
Staff Incentives
Intra-Organizational Structures
Professionalisation
Apolitical Mandate

Fig. 9.2. Partial Contents of Black Box

In addition to these elements, other factors, such as informal political interests and specific sub-cultures, are likely to be influential. The following sections examine each of the elements listed in Fig. 9.2 and conclude with a table which juxtaposes these elements with possible proposals for solutions which they themselves generate. Implementation of these proposed solutions would provide the political space in the institutions to implement their policy mandate of effective local participation in global level decision-making and thereby create the space for mediation between global and local levels.

9.7.1 Imperative to Move Projects

According to the World Bank's official history, fulfilling lending quotas has been an imperative for World Bank staff since the McNamara Presidency in the late 1960s (Kapur et al 1997).⁹ At the root of this pressure to lend is that failure to obligate available funds within a given time period would convince donor governments that they were providing more money than needed, which in turn could lead them to reduce their contribution in future replenishment periods (Lancaster 1997).

The pressure to lend was also identified by the World Bank's own evaluation reports as a principal cause of lack of project quality (Wapenhans 1992, World Bank 1997e). The GEF suffers from similar pressure to move projects, albeit with grant funding and not loans, which is leading to hastily prepared projects with uncertain outcome (Global Environment Facility 1994a, Wells 1994, Fairman 1996).

An example of the "approval culture" is the Cameroon Transport Sector loan. According to World Bank staff, this loan was very much driven by the pressure to lend. "After the devaluation of the Franc CFA in January 1994, there was a massive search for lending opportunities and to get money to West Africa. The Transport Sector loan offered such an opportunity to lend money quickly."¹⁰ For this reason no time-consuming environmental impact assessment was carried out (chapter 6).

Another indication of the pressure to move projects is the continuation of lending in the face of non-compliance with the institutions' goals or conditions. Adjustment lending to Cameroon continued despite the Government's lack of compliance with forest policy-related conditionalities and lack of commitment to poverty alleviation (chapter 5). Lancaster writes in the official World Bank history, "The real reason for continuing to lend for adjustment despite non-compliance by recipients appears to come from within the Bank itself" (Lancaster 1997:173). One senior World Bank consultant summarizes the present situation:

"The pressure to move money quickly persists. Careers continue to be made on the basis of moving large amounts of money fast. The environmental people and those working on resettlement feel

⁹ Robert McNamara's years as President of the World Bank lasted from 1968 through 1981, a period during which World Bank lending increased sixfold in real terms (Rich 1994).

¹⁰ Interview with World Bank environmental staff, 11 August 1998, Washington, D.C.

marginalized. Their work is considered as putting obstacles in the way of an efficient loan approval system. The World Bank is backsliding on its commitment to the environment. Wolfensohn has accelerated project approval and there are fewer quality control mechanisms.”¹¹

9.7.2 Staff Incentives

The role of incentives appears to be critical both for compliance with policies as well as to enable institutions to learn and thereby improve project quality (Miller-Adams 1996, Fox & Brown 1998). According to Wilson, the role of rewards and penalties associated with alternative courses of action is more important than a change in attitude of an institution and its officials (Wilson 1989). The primary incentives for staff in the institutions remain those of a lending institution (Wade 1997b). This means that career advancement is usually based on a staff member's contribution to moving projects rapidly to the approval stage. At the same time, there are no internal incentives to reward compliance with policy guidelines or to sanction failure when they are being sidestepped.

The establishment of incentives to promote compliance with social and environmental guidelines requires a commitment to supervising the implementation of projects. But supervision is an area that receives little attention (World Bank 1995j). A World Bank report on institutional development puts it bluntly: “Unfortunately, we were told [by World Bank staff] that no incentives exist in the Bank for good supervision. ...all incentives stop once a project is taken to the Board. Responsibility for project outcomes is very weak” (Gray et al. 1990:26).

In addition to an incentive structure which favours rapid loan approval, staff are discouraged from calling attention to possible problems since this might lead to project delays. “If you are concerned about development and give your honest judgement, you won't get ahead. Being honest is perceived as rocking the boat. There is no debate, you are just being shut off.”¹² This assessment is echoed by many World Bank staff members. A poverty specialist adds: “We take considerable risk when we provide comments about

¹¹ Interview with a senior, long-term World Bank consultant, 15 November 1996.

¹² Interview with senior World Bank staff member, 21 May 1999, Washington, D.C.

the lack of poverty impact of a given project. Most of us are acquiescent.”¹³ Blaikie reaches a similar conclusion in the broader context of development aid : “The individual is not paid to raise unnecessary dust in the formulation of a project” (Blaikie 1985:63).

The expression used by World Bank staff to describe this disincentive is the “Shoot the messenger syndrome.” This situation is aggravated for foreign staff because of the “G4 Syndrome” named for the visa requirement granting World Bank/ GEF foreign staff residency permits in the United States, which depend on their continued employment at the World Bank or the GEF. Once the visa is taken away, the staff have to leave the United States within three months. According to a senior World Bank staff member “Officials have to ensure that not even a minimum of responsibility falls on them and no one is willing to take much initiative.”¹⁴

Wade summarizes the situation succinctly when he refers to “the slipping clutch of the incentive system” to explain the gap between World Bank policies and operational practice (Wade 1997:614).

9.7.3 Intra-Organizational Structures

Internal organizational characteristics, especially the control of internal resources and budgets, may deny the institutions the flexibility required to implement policy provisions with regards to the environment/biodiversity.

The recent re-organization at the World Bank under President Wolfensohn has further reduced the budgetary autonomy of the regional technical departments, now renamed “technical networks.” Their responsibility it is to carry out environmental reviews and provide the environmental “sign-off” on projects. At the same time, however, budgetary resources have been reallocated to the country departments, which are subject to the most pressure to bring loans to the approval stage. This shift discourages independent input from environmental and social science expertise by putting staff in the technical networks into the “market place,” where they must compete with one another to sell their services to the country departments.¹⁵ In practical terms, as Wade points out, this means that a staff member who becomes known for being “tough” (*e.g.* on

¹³ Telephone interview with World Bank staff member, 21 May 1999, Washington, D.C.

¹⁴ Interview with Senior World Bank official, 25 May 1999, Washington, D.C.

¹⁵ Interviews with several World Bank staff during 1997-1999 in Washington, D.C.

environmental standards, consultation of local populations, *etc.*) endangers his or her marketability and may eventually be asked to look for employment elsewhere (Wade 1997:717).

The persistent marginality of social science and environmental expertise at the World Bank came to the fore in the 1996 Cameroon Transport Sector loan. World Bank environmental staff provided the “sign-off” for the project working under great time constraints and on the basis of insufficient information on the loan components. Only when details about the loan became public did World Bank environmental experts learn about its potential environmental impacts and admit that the loan was violating important World Bank environmental policies (chapter 6). However, at this point they were overruled and the project went forward.

9.7.4 Professionalization

Because the institutions are dominated by economists, many professional staff are reluctant to incorporate new considerations into their work if this requires modes of analysis that are perceived as being less rigorous than the traditional economic framework (Ascher 1983). Thus, integrating social or biodiversity concerns into programmes and projects represents a difficult challenge to standard methodologies and can be seen as a threat to professional norms. The absence of environmental and biodiversity concerns from the Country Assistance Strategy for Cameroon is an indication of how public commitments to integrating the environment in overall planning have not yet translated into concrete development strategies (chapter 5).

According to Ascher, the rejection or minimizing of environmental goals occurs because the professional establishment in the institutions believes it ought to be kept secondary to the main work of promoting economic growth (Ascher 1983). Prescriptive essentialism, which holds that a policy measure is inherently appropriate, is widespread in the institutions and does not allow serious consideration of new variables. According to Gasper, prescriptive essentialism is very common because of institutions’ and professions’ need for self-belief (Gasper 1996a).

Miller-Adams emphasizes how recruitment contributes to the endurance of the institutional culture, or prescriptive essentialism, by mostly choosing candidates from

United States and United Kingdom universities who are steeped in the neo-liberal economic development model with its reliance on technocratic approaches (Miller-Adams 1996).

An additional aspect of professionalization resides in the fact that the counterparts of World Bank and GEF officials in developing countries are usually staff in the finance or planning ministries, which leads to a likely convergence of organizational and professional interests (Crane & Finkel 1981). Mostly interested in additional transfers of resources, these ministries are physically and administratively remote from local communities living in biodiversity-rich areas. An additional disincentive to addressing biodiversity concerns is that there is no assurance that doing so will lead to financial or political returns.

The World Bank's professionals are also faced with what Wade describes as "mission overload" (Wade 1997a). However, these multiple tasks obscure institutional priorities and leave staff more exposed to making their own value judgements. According to Ascher, senior management at the World Bank never makes clear in a general way how much weight should be given to a particular aspect, for example the environment, relative to all the others (Ascher 1983).

9.7.5 Apolitical Mandate

According to its charter (Articles of Agreement), the World Bank must not interfere in the political affairs of any member and must not be influenced in its decisions by political considerations (World Bank 1989a). The projection of a neutral civil service discourages Bank officials from overt political analysis. As the Implementing Agency for all GEF investment projects, the World Bank's apolitical stance applies to its GEF portfolio as well.

Certainly, decisions to lend large amounts of money to governments do require political judgements, even if not in an explicit fashion. At the programme level, the depoliticization of situations leads to presenting matters "...which affect different groups of people differently and on which they have different perspectives, as simply technical issues amenable to technical solutions, which the purveyor of the discourse is able to provide" (Gasper 1996a:151). The proposed technical solutions, however, ignore the

political and social context which create the problems to begin with (Blaikie 1985). Furthermore, as in Blaikie's classical model of soil conservation, environmental and biodiversity issues represent complex socio-environmental problems which are not amenable to quick technical fixes.

The GEF Biodiversity Conservation for Cameroon, which excludes an analysis of the forces driving biodiversity loss in the country, is an example of the technical approach to biodiversity conservation (chapter 7). Instead, it focuses on the establishment of protected areas and ignores the underlying causes, which are sensitive political questions such as the absence of land rights for local people living in the forest areas.

However, the World Bank's charter may not be as restrictive as is often claimed by World Bank staff. It is sparse and flexible and has allowed the institution great leeway to pursue new goals (Miller-Adams 1996). The Bank's own legal counsel left some ambiguity in the interpretation of the relevant article (Art. IV:10), stating that Bank staff may not advocate openly a particular kind of government, but if a borrowing government behaves in a fashion that undermines the Bank's economic objectives, then staff may be justified to call for political changes or terminate lending (Lancaster 1997).

9.7.6 The Black Box's Roadmap to Possible Solutions

While not exhaustive and lacking in detail, the elements contained in the black box examined in the previous sections generates their own logical roadmap of possible solutions (fig. 9.3). The following table, while oversimplifying a complex situation, provides a sense of overall direction similar to a roadmap.

Imperative to Move Projects	Change methodologies of internal decision-making away from quantitative targets
Staff Incentives	Revise incentive structure and ensure enforceability of new structure
Intra-Organizational Structures	Create autonomous budgets for departments charged with overseeing compliance with environmental and social policies

Professionalism	Create political space for non-economist professionals and broaden outreach within client countries beyond ministries of finance and planning
Apolitical Mandate	Acknowledge that participation of local people is embedded in local political realities and that political-economic analysis is indispensable to project design and implementation

Fig. 9.3 The Back Box's Roadmap to Possible Solutions

The identified possible solutions contribute to defining the characteristics of a political power structure that can create spaces of mediation between a diversity of views at different geographic scales. According to the suggested solutions, some of these characteristics would be: (1) qualitative considerations over quantitative targets; (2) incentive structure which reinforces stated policies and goals; (3) independent oversight within the institutions; (4) expanding the breadth of knowledge within the institution and in its networks; (5) recognize political nature of development and environment programmes and include political-economic analysis in decision-making.

Implementation of these possible solutions, especially the shift from a focus on the quantity of money to the quality of projects, requires the transformation of institutional culture that Wapenhans has called for (Wapenhans 1992). While advocating such a transformation as necessary (World Bank 1995c), senior leadership at the World Bank and the GEF has been reluctant to carry out reforms, such as changes in staff incentives, which are conducive to changing the institutional culture. The reasons for this reluctance may have to do with the short and medium term risks of slowing down the project pipeline which might reduce the institutions' ability to raise funds from the main donor governments. With less resources available to them, the institutions may be concerned about a loss of influence. However, the lack of in-depth reforms may carry long-term risks such as the loss of credibility and political support in both donor and recipient countries.

The focus of this study has been on the World Bank and the GEF because of their global leadership role in the areas of development and protection of the global environment and the emphasis of both institutions on the need to protect biodiversity. However, the institutional problems encountered by the World Bank and the GEF are not unique to these institutions. On a smaller scale and to varying degrees these problems are present in other governmental and non-governmental organisations. The following section sets the World Bank's and GEF's institutional problems in the broader context of other development aid agencies.

9.7.7 Perspectives on Other Donor Agencies

The World Bank and GEF are pioneers in establishing specific environmental and social policies to guide their programme managers and obtain consistency throughout their project portfolios. These policies provide a framework for accountability. The case studies presented in this thesis focused on the compliance of the institutions with their mandatory policy guidelines and have found an uneven and often contradictory record of implementation of operational policies. The regional development banks have adopted similar policies, often with a time lag of a few years, but little is known about the relevance of these policies for their lending operations. According to a recent study on the effectiveness of poverty reduction strategies of the European development agencies, these agencies generally lack clear policy guidelines for their programme managers (Cox & Healy 2000:143). The study contrasts this state of affairs with the World Bank, which does provide operational directives and best practice guidelines to its staff, and implies that the European agencies should consider adopting a similar system for themselves (Cox & Healy 2000: 224). However, the study finds that where specific guidelines on poverty reduction do exist in European agencies (for example in Sida, Danida, KfW and DG VIII), these are rarely implemented in practice (Cox & Healy 2000:146).

These findings show that European development agencies face similar sets of institutional problems as the World Bank and GEF. The organisational structure and working culture of the agencies, despite the differences among them, are considered to be major stumbling blocks to translating the agencies' stated goals into practice (Cox & Healy 2000). Since the problems are similar, the possible solutions for the World Bank

and GEF presented in figure 9.3 are also likely to be applicable to other international and national agencies. This point is made by Berg in his analysis of obstacles to institutional learning, which uses the World Bank as the main source of organizational insights. Berg identifies the pressure to spend, the primary importance of the volume of lending, internal incentive structures and a lack of project supervision as key factors in an institution's inadequate response to failure (Berg 2000: 36-37). The author concludes that the institutional difficulties and the prescriptions which readily flow from them probably hold true for the broader community of development aid agencies (Berg 2000:24). The prescriptions derived from Berg's diagnosis overlap with some of the possible solutions presented in Fig. 9.3, such as the need to turn away from quantitative targets and to change staff incentives accordingly. However, to date there appears to be no record of the implementation of these prescriptions or of the possible solutions by development aid agencies.

One of the reasons for the lack of implementation of these possible solutions may reside in the fact that the debate about the effectiveness of international aid is of recent date. In addition, there is limited knowledge about the impact of aid. The World Bank's and GEF's evaluation reports (chapter 8) show that the institutions often know little about the actual impact of their projects. Similarly, according to a recent volume on learning in development cooperation, there appears to be little solid knowledge about the impact of development aid provided by other agencies (Carlsson & Wohlgemut 2000:7).

While the list of possible solutions (Fig. 9.3) was derived from the case studies as well as the World Bank's and GEF's own evaluation reports, recent research on development cooperation in a broader context provides similar recommendations concerning the problems internal to the institutions.

The "approval culture" identified by Wapenhans (Wapenhans 1992) is present in other agencies as well. Cox and Healy identify the need to disburse aid within allotted timeframes and career advancement linked to disbursement rates as central problems (Cox & Healy 2000:150). As possible solutions, they advocate personal incentive systems to encourage long-term and participatory approaches for poverty reduction. Similarly, the editors of a recent volume on learning in development cooperation consider disbursement targets, *i.e.* money has to be spent regardless of

whether there are useful purposes for it, to be an underlying institutional problem of development aid agencies (Carlsson & Wohlgemut 2000: 11). The authors also advocate an incentive structure in the agencies which should reflect the objectives of the programmes the agencies are promoting (Carlsson & Wohlgemut 2000:18). A study on the obstacles to institutional learning concerning the Swedish development agency Sida found that the paradox between quantity of disbursements and quality of projects seemed to be the cause of a schizophrenic state of affairs within Sida (Edgren 2000:54). However, the study also makes clear that the problem was not peculiar to Sida and describes it as being ingrained in the whole culture of the aid industry, including the World Bank and UNDP (Edgren 2000:54).

In addition to the 'Imperative to Move Projects' and 'Staff Incentives' (Fig. 9.3.), other areas of institutional problems and possible solutions listed in figure 9.3. also overlap with recommendations of the most recent literature. Concerning the area of 'Professionalism' (Fig. 9.3), the study on European aid for poverty reduction encounters an over-emphasis on economics and engineering skills in the agencies and calls for more "soft area" expertise in areas such as social development and participatory approaches (Cox & Healy 2000:151). Carlsson and Wohlgemut consider a too narrow definition of professional expertise for staff of the development agencies as an obstacle to institutional learning (Carlsson & Wohlgemut 2000:13). Concerning the area of 'Intra-Organizational Structures' (Fig. 9.3), the editors identify the quality of contacts between the operational and policy-making levels of institutions as a major hurdle in improving development effectiveness through institutional learning (Carlsson & Wohlgemut 2000:13). With regard to the problem area of 'Apolitical Mandate' (Fig. 9.3.), Carlsson and Wohlgemut reach a conclusion which is analogous to the possible solution presented in figure 9.3. by stating that political consideration should be brought into the analysis (Carlsson & Wohlgemut 2000:9).

The focus of this thesis is the World Bank and the GEF because of their unmatched institutional resources and pioneering role in establishing policy frameworks which commit the World Bank to both poverty reduction and biodiversity conservation and confirm the GEF as the world's premier entity in charge of financing biodiversity protection on a global scale. The implementation of the possible solutions suggested by

this thesis (Fig. 9.3) and similarly by recent studies which analyse a broader set of institutions, is likely to require strengthened external oversight and public scrutiny of international public financial flows.

9.8 A Framework for Strengthened External Oversight

In addition to the internal dynamics of the institutions analysed in the previous sections, the case studies indicate that external oversight plays a critical role in helping the institutions focus on compliance with their own policies. Consequently, a framework for strengthened oversight of the institutions including both governments and the non-governmental sector is necessary.

Previous sections in this chapter show that while the most influential shareholder governments establish the institutions' strategic priorities, the institutions act in an autonomous space in which internal dynamics determine the implementation of policies to a large degree. The increasing volume and complexity of projects and programmes has reduced the capacity of the governing bodies, the World Bank's Board of Executive Directors and the GEF Council, to oversee the institutions' activities. As a result, the institutions' staff has considerable discretion to accept or resist new approaches, even if these, as in the case of the biodiversity-related policies, are mandated by the Executive Board (Ascher 1983).

The World Bank states that the Executive Directors have responsibility over virtually all Bank policy, so their role cannot be clearly separated from most of the Bank's initiatives and activities (World Bank 1998a:10). From the institution's point of view, the apparent merging between it and its governing body may be desirable. However, from the perspective of oversight and accountability, this situation is problematic.

In addition, the perceived need for confidentiality of many types of information is not conducive to facilitating oversight. Task managers, who are responsible for preparing individual projects, thrive through lack of transparency (Ascher 1993). Existing institutional structures impede information flow not only to the public, but also to the

governing bodies.¹⁶ In addition, according to a senior World Bank consultant, staff often manipulate data to promote their projects with the governing bodies.¹⁷

However, increased transparency and information flow alone are insufficient if not accompanied by greater capacity of the governing bodies to absorb and evaluate the information. The governing bodies both in Washington, D.C. and in the home offices in their capitals need the staff and the resources to allow them to fulfill their oversight function. In addition, government representatives will have more incentives to monitor and improve the compliance of international financial institutions with environmental and other policies if there is greater scrutiny of the institutions' activities by the public in both donor and recipient countries.

Public scrutiny appears to be a critical factor in overcoming institutional inertia and sustained external pressure turns out to be necessary in encouraging compliance with World Bank policies (Fox & Brown 1998). The different treatment of indigenous peoples in the case of the GEF project and the Oil Pipeline project are cases in point. Assuming that the GEF Biodiversity project, as an environmental project, was benign by definition, it received no public attention. As a result, the GEF was not criticized for failing to make reference to the indigenous peoples living in some of the areas to be protected. The Exxon, Shell and ELF oil pipeline, on the other hand, was subject to intense public scrutiny from the beginning and the oil companies are making efforts to be perceived as complying with World Bank policies, including the policy on indigenous peoples.

To date, public attention to the institutions' activities is limited to a few high profile projects. In order to achieve greater adherence to environmental policies across the board, building the capacity of the still incipient non-governmental efforts in independent monitoring and evaluation of policy and programmes is indispensable (Fox & Brown 1998).

¹⁶ Interview with Ernst Broder, former head of the World Bank's Independent Inspection Panel, May 1999.

¹⁷ From minutes taken by Katherine Marshall, World Bank, at the Conference on "Reinventing the World Bank" at Northwestern University (with SOAS), 14-16 May, 1999.

9.9 Conclusion

The international financial institutions have made great strides over the past decade in adopting environmental and biodiversity-friendly policies. The GEF owes its establishment to the growing concern, particularly in Northern donor nations, about the loss of biodiversity in tropical countries. A growing body of research documents the implications of biodiversity loss for growing inequality and impoverishment of rural communities and indigenous peoples (Bell 1987, Barraclough & Ghimire 1995). As a result, biodiversity conservation is moving beyond the biological sciences and is increasingly recognized as a political issue. According to Harvey, despite the bourgeois aesthetic and politics of much of the Northern environmental movement, its success in raising the profile of environmental issues on the global political agenda has now led to a situation where environmental issues are not easily controlled by powerful interests as a mere adjunct of bourgeois fashion (Harvey 1998).

Both the World Bank and the GEF have become more open to consulting with non-governmental organizations in recent years. This openness represents a conceptual breakthrough from previous decades, when consultations were between the institutions and governments only. Yet, as the research presented in this thesis and the institutions' own evaluation reports show, the institutions' mandatory policy provisions on the participation of affected people in their projects are routinely sidestepped. There is still some way to go in moving from the policy stage to one of implementation.

One way of looking at political ecology is to understand it as an important field in which the regulation of societal relationships with nature takes place (Keil et al. 1998:12). A critical area of this regulation is reflected in the environmental and social policies adopted by the World Bank and the Global Environment Facility, because they intend to regulate how activities backed by large-scale international funding insert themselves into the natural environment. Compliance with existing policies would move the international financial institutions from being global actors, pursuing their own institutional agendas, to a role in which they could create spaces of negotiation for the multiple interests that they, as institutions with a global membership, were created to represent.

On the one hand, the institutions' internal structures and processes must be transformed to provide the conditions and incentives for compliance with stated policies.

On the other, strengthened oversight from governments represented in the governing bodies of the institutions as well as from the public in both donor and recipient nations is critical to ensure that reforms will take hold and to monitor the need for future adjustments.

The proposals presented in the previous sections are not far-fetched and they are increasingly being adopted by mainstream decision-makers. For example, the U.S. Executive Director to the Asian Development Bank, Linda Yang, emphasizes the need for pragmatic and down-to-earth reforms focused on incentives and compensation for staff of international financial institutions. In addition, she recommends opening the institution's Board meetings to the public.¹⁸ This would represent an important break from the *status quo* of secret proceedings and confidentiality of documentation.

While there was a brief reference to the apolitical mandate of the institutions in the analysis of the black box, this point requires further emphasis. According to Crush, the technocratic depoliticized language of international development does not fit the political conditionalities espoused by the institutions today, such as the emphasis on the participation of local people and on governance reforms (Crush 1995).

Political ecology thinking requires that the political and economic root causes of problems be taken into account and the underlying assumptions be made explicit. Who has the power and how is it exercised? When international financial institutions pay insufficient attention to the political environment and its socio-economic dimensions, their investments may do little to advance their stated goals of promoting sustainable development and even, instead, ease the pressure inside the domestic economy to bring about necessary policy changes. This then may ultimately contribute to further distorting the society which they are affecting (Morton 1994).

A question that must be asked is whether the institutions' alliance with the central government apparatus consolidates central power while diminishing autonomy at the local community level vis-à-vis central institutions, and whether this may work against the institutions' objectives of protecting biodiversity and reducing poverty. These thorny questions of the distribution of power cannot be avoided if the institutions are to comply

¹⁸ From minutes taken by Katherine Marshall, World Bank, at the Conference on "Reinventing the World Bank" at Northwestern University (with SOAS), 14-16 May, 1999.

with their own policies on local participation as a central condition for successful biodiversity protection and overall development effectiveness. Transparent socio-political analysis of the potential winners and losers of activities proposed for international financing should be an indispensable tool in decision-making concerning the allocation of funds intended to promote poverty alleviation and environmental protection. The institutions may not shy away from critical political-economic analyses even if this may lead to uncomfortable recommendations for some donor and recipient governments.

International financial institutions have to recognize that their activities are inherently political, as channeling large amounts of money into a country inevitably affects different groups of people in different ways. International financial institutions which have a more politically aware understanding of a plurality of interests and views regarding the environment and biodiversity can, as Blaikie suggests, open up spaces of negotiation between different parties (Blaikie 1995). The political ability and will to open up such spaces for negotiation will have to exist at the very heart of political power structures able to arbitrate and translate between different geographic scales (Harvey 1996).

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Appendix

Summaries of World Bank Environment and Social Policies

This Appendix contains summaries of the content of the World Bank's environmental and social policies, weaknesses in their implementation and specific threats. The policies discussed are: environmental impact assessment (EIA); information disclosure; involuntary resettlement; forests; indigenous peoples; natural habitats; economic evaluation of investment operations.

1. Environmental Assessment (EA) Policy

The World Bank's policy on environmental assessment (OD 4.01, October 1991) lays out the requirements for conducting environmental assessments (EAs) of proposed projects. It identifies what types of projects require various levels of environmental analysis and assessment. For instance, category A projects -- defined as projects "likely to have significant adverse impacts that may be sensitive, irreversible and diverse" -- require a full EA. Examples of category A projects include: forestry production projects; dams; land clearance and leveling; mineral development (including oil development and mining); and projects with resettlement. Category B projects, which have impacts that "are not as sensitive, numerous, major or diverse as category A impacts" and where remedial measure can be more easily designed, do not require a full EA but do require preparation of a mitigation plan. Category C projects, or those unlikely to have adverse impacts (*e.g.* education, family planning), do not require an EA. It notes that regional or sectoral EAs may be used "where a number of similar but significant development activities with potentially cumulative impacts are planned for a reasonably localized area." It states such EAs may identify issues that project-specific EAs might overlook, including interactions among effluents or competition for natural resources. Further, it mandates that induced development (such as secondary growth of settlements and infrastructure) be addressed and encourages global environmental issues (*e.g.* global warming) to be considered where relevant and feasible.

The policy contains requirements for the content and process of the EA. It establishes that EAs must be completed and publicly released prior to appraisal of the project. It also requires that the views of affected groups and local NGOs be taken into account in the preparation of the EA and lays out the stages during the EA process (after EA category assigned and after draft EA has been prepared) during which consultations must occur. In addition, the EA must include: baseline data (which may require a full year or multiyear data to capture seasonal or other effects); identification and assessment of impacts; an analysis of alternatives; an institutional assessment (of the existence, role and capability of environmental units, along with recommendations regarding establishment or expansion of units and training requirements); a mitigation plan (including details on work programme, schedule and budget in order to ensure proposed actions are in phase with engineering and other project activities throughout implementation); and a monitoring plan.

Weaknesses in the policy's implementation include: inappropriate categorization; lack of timely and informed participation of affected groups; lack of adequate baseline data; lack of full analysis of alternatives; lack of assessment of institutional capacity; and inadequate schedule or budget for mitigation measures. It is also important to note that, in general, structural adjustment programmes have not undertaken environmental analysis.

At present, this policy is being revised into its corresponding OP, BP and GP. There has been an attempt by some sectors within the Bank to weaken various components of the policy and to separate the requirements for IDA and IBRD projects.

2. Information Disclosure Policy

The World Bank's policy on the Disclosure of Operational Information (BP 17.50, September 1993, update memo December 2, 1993) provides requirements for the public release of project documentation. In particular, environmental impact assessments (EIAs) or analyses, resettlement plans and indigenous peoples development plans must be made publicly available prior to the project's appraisal (which is typically more than 120 days before it is submitted to the Board for approval). It must be made available in the borrowing country at some public place accessible to affected groups and local NGOs and must be submitted to the Bank, which also makes it available. In addition, this policy requires that information on proposed projects be released publicly during their development (at a particular point in project processing). It also mandates that final project documents (previously called staff appraisal reports (SARs), now termed project appraisal documents (PADs)) be released after the project is approved by the Board.

The IFC and MIGA are currently establishing their own information disclosure policies. These proposed policies shorten the time frame for release of EIAs, resettlement plans and indigenous peoples development plans (to 60 days for IFC, 30 days for MIGA). It also reduces requirements for public release of information on proposed projects as they are being developed and on project information after approval. These provisions are similar to requirements of Ex-Im Bank and OPIC.

Weaknesses in the World Bank's implementation of the policy have included: failure to release resettlement plans or indigenous peoples development plans in a timely manner (and with the EA); and failure to publicly release environmental analyses or EIAs for category B projects.

3. Involuntary Resettlement

The World Bank's policy on Involuntary Resettlement (OD 4.30, June 1990) seeks to ensure that populations displaced by a project receive benefits from it. In particular, it stipulates that the living standards, income earning capacity and production levels of displaced persons should improve or at least be restored to their pre-project levels. The policy requires that involuntary resettlement be avoided or minimized where feasible and that all viable alternative project designs

be explored. For instance, siting of projects, realignment of roads or reductions in dam height may significantly reduce resettlement needs.

Where displacement is unavoidable, the policy requires a detailed resettlement plan, timetable and budget. These plans must include provisions for: compensation for losses at full replacement cost prior to the actual move; assistance with the move and transition period; and assistance with efforts to improve or restore their former living standards, income earning capacity and production levels. The policy indicates a preference of land for land compensation and states that cash compensation alone is inadequate. It also requires participation of affected people in the preparation of the plan and attention to resettlement's impact on host populations.

In practice, this policy has suffered from several weaknesses. First, the alternatives analysis is often incomplete. Second, participation of displaced groups may be inadequate. These groups often feel there are no other options and may be pressed or subvertly threatened into accepting the situation "for the good of the nation." This can also affect the adequacy of compensation. Third, the timing, financing and institutional capacity to implement resettlement measures is critical. Compensation must be provided prior to the main investment. However, often the income restoration components (which are more difficult) lag behind implementation of the main investment. In addition, the financing for the resettlement and income restoration measures, as well as the capacity to implement them, needs to be assured.

4. Forest Policy

The World Bank's Policy Paper on the Forest Sector and its Forestry Policy (OP 4.36, September 1993) forbids direct World Bank Group (including IFC) financial support of commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest. Where logging is already being done in such forests, Bank lending in the forest sector are conditioned on commitments from the borrowing government to undertake sustainable management of conservation-oriented forestry. This includes a commitment to: adopt policies and a legal and institutional framework that ensures conservation and sustainable management and promotes active participation of local people and the private sector; and to undertake social, economic and environmental assessment of forests being considered for commercial use. In addition, this policy covers all Bank-supported activities (e.g., mining, dams) with an impact on forests, not just those in the forest sector.

In general, this policy tends to be applied more to those projects directly related to forestry. In other sectors, such as transport, the policy is less consistently applied. Currently, this policy is being revised. Certain sectors within the World Bank Group are working to allow financing of logging operations. However, environmentalists are concerned because there is no scientific evidence that large-scale industrial logging can be done in an environmentally and socially sustainable manner.

5. Indigenous Peoples Policy

The World Bank's Indigenous Peoples Policy (OD 4.20, September 1991) aims to ensure indigenous people benefit from development projects and to avoid or mitigate potentially adverse impacts caused by Bank-financed activities on these groups. The policy defines indigenous peoples as social groups with a social and cultural identity distinct from the dominant society that makes them vulnerable to disadvantages in the development process.

The policy requires informed participation of the indigenous peoples themselves. This includes identifying local preferences through direct consultation, incorporation of indigenous knowledge into project approaches and early use of experienced specialists. It also requires an indigenous peoples' development plan. This plan, which includes specific components outlined in the policy, must be prepared in conjunction with the main project investment. This must be done prior to project appraisal and may be done in conjunction with the Environmental Impact Assessment. The plan also has to include an implementation schedule and financing plan.

In general, there are three main weaknesses related to this policy. First, the definition of indigenous people is particularly difficult in Africa. Project managers use their own judgment in determining the populations to which this policy applies. As a result of this, projects which should be sensitive to the needs of forest dwellers and other groups and have indigenous peoples development plans, may not be adequate. Second, participation of indigenous peoples is often not truly "informed." Third, the timing and financing of mitigatory measures may be problematic. Often, the main investment is implemented first, with mitigatory measures scheduled to be put in place later. In addition, unlike the budget for the main investment, financing for the mitigatory measures is often less secure.

6. Natural Habitats Policy

The World Bank's policy on Natural Habitats (OP 4.04, September 1995) supports the protection, maintenance and rehabilitation of natural habitats and their functions across its work, including project financing and policy dialogue. The policy states that, wherever feasible, Bank-financed projects should be sited on already-converted lands (excluding land converted in anticipation of a project). It forbids the Bank from supporting projects that, in the Bank's opinion, involve the significant conversion or degradation of critical natural habitats unless no other alternatives are available. In this case, mitigation measures, specifically those minimizing habitat loss and establishing and maintaining an ecologically similar protected area, must accompany the project. In addition, the Bank must take into account the borrower's ability (including institutional capacity) to implement the appropriate conservation and mitigation measures. The policy applies to subprojects under sectoral loans or loans to financial intermediaries. It also encourages the incorporation of natural habitat issues in the Bank's policy dialogue.

Depending on the project, the implementation of this policy faces serious challenges. Two aspects of it, the flexibility for staff to decide what constitutes significant conversion or degradation and the consideration of alternatives, leave open the possibility for violation of the spirit of the policy, if not the letter of it. (The proposed Chad-Cameroon Oil Pipeline is a case in point.) In addition, the implementation during policy dialogue tends to be weaker. If, despite the Bank's efforts, the borrowing government does not wish to incorporate natural habitats issues in its affairs, there is no sanction (*e.g.* refusal to provide a structural adjustment loan) to prevent it.

7. Economic Evaluation of Investment Operations Policy

The World Bank's policy on the economic evaluation of investment operations (OP 10.04, September 1994) establishes criteria for a project's economic acceptability. In particular, it states that for all projects, the expected present value of the project's net benefits must: (a) not be negative; and (b) be higher than or equal to the expected net present value of mutually exclusive project alternatives. This consideration of alternatives is a critical component of this policy. This policy also states that non-monetary benefits and externalities (domestic, cross-border and global) be considered and that the economic analysis should examine the project's consistency with the Bank's poverty reduction strategy.

The implementation of the straight economic aspects of this policy tends to be excellent. However, the implementation of less straightforward aspects tends to be weaker. For instance, the consideration of externalities varies. Similarly, there is much room for interpretation when analyzing a project's consistency with poverty reduction strategies. In addition, there are several weaknesses which stem from the policy itself. Most notably is the consideration of alternatives. The policy requires only the consideration of mutually exclusive designs, not variations (such as starting date or inclusion of different components) of the same project. Further, assessment of a project's sustainability focuses on financial impacts. While the policy does require the Bank to ensure the appropriate legal and institutional framework is in place or will be developed, it tends to neglect sustainability (and capacity) issues related to the institutions themselves. In addition, social sustainability is often neglected, although the policy does state that the Bank must check whether critical private and institutional stakeholders have or will have the incentives to implement the project successfully. In essence, the main weakness of this policy is that it does not require clear delineation or assessment of who benefits and loses and by how much.

